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Boeing Reassesses the Damage

Jetmaker to Slash Jobs and Output as Asia Slowdown Hits Hard

By Laurence Zuckerman
New York Times Service

NEW YORK — Acknowledging that the economic slowdown in Asia would take a more serious toll on its business than it had previously thought, Boeing Co. has stunned investors and employees by announcing plans to scale back production in 1999 and cut more jobs over the next two years — perhaps as many as 20,000 more — than it had indicated in June.

As a result, Boeing, the world's largest aerospace company and the largest U.S. exporter, also said late Tuesday that its 1999 earnings would be between \$1.5 billion and \$1.8 billion, lower than the already greatly reduced estimate of \$2 billion it gave investors last summer. Boeing predicted that profits in 2000 would be even lower than in 1999.

Boeing said it would cut production of its highly profitable 747 jumbo jet to two a month from 3.5 a month in late 1999 and might even cut production to one a month in early 2000 if "market conditions fail to improve."

The news sent Boeing's shares tumbling. The stock closed down \$6.6875 at \$33.6875, leading a broader decline in the market.

The news indicated that Boeing was still struggling to recover from a disastrous decision in 1996 to raise production to record levels in order to meet booming demand from the world's airlines. The company ended up taking \$4 billion in charges and posting its first annual loss in 50 years in 1997 after its factories

buckled under the strain. Despite a decade-long campaign designed to improve efficiency, Boeing now spends 20 percent to 30 percent more hours to produce each of its airplanes than it did in the early 1990s.

Ever since the Asian economic crisis flared up last year, Boeing had been reluctant to admit that it would have a significant impact on its business, despite strong evidence to the contrary. That has now changed.

"The situation in Asia has worsened dramatically," Philip

Condit, Boeing's chief executive, told analysts Wednesday, adding that it was "much deeper and more prolonged than we had first estimated."

[President Bill Clinton on Wednesday picked up that theme, saying that Boeing's problems demonstrated the need to restore growth to Asia.]

"I can't tell you how important it is from my point of view for the United States to be actively involved in trying to restore the conditions of growth in Asia," he said, according to Reuters. "That's my goal, before it affects other industries, to try to get that growth going back in Asia."

Boeing is still committed to delivering 550 planes this year and a record 620 in 1999. Workers toiled through the Thanksgiving holiday to finish jets before the end of the year even as Boeing has been desperately

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Boeing Hits Prices

U.S. stocks were lower Wednesday as Wall Street digested Boeing Co.'s announcement of an additional 20,000 job cuts and as Sears, Roebuck & Co. reduced its profit forecast in the midst of the Christmas shopping season. Page 13.

actively involved in trying to restore the conditions of growth in Asia," he said, according to Reuters. "That's my goal, before it affects other industries, to try to get that growth going back in Asia."

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Boeing is making sharp cuts in production, jobs and earnings estimates.

IMF and U.S. Mishandled Asia Crisis, World Bank Charges

'Substantial Risk' of Recession Remains, but Worst-Hit Nations May Start to Grow Again in 2000

By David E. Sanger
New York Times Service

WASHINGTON — The World Bank issued an implicit, searing assessment Wednesday of how its sister institution, the International Monetary Fund, had misjudged the financial crisis that began in Southeast Asia 18 months ago and had prescribed economic policies that turned investor panic into deep recessions.

In its first comprehensive history of the crisis, the World Bank predicts that the worst-hit nations will probably begin to stabilize in 1999 and to grow again in 2000. But, the report adds, "There is still a substantial risk that the world economy will plunge into recession in 1999."

The growth of global economic output, it projects, will drop this year to 1.8 percent from 3.2 percent in 1997 and will revive "only modestly" next year.

Top officials of the World Bank decided to delete direct references to the IMF and the U.S. Treasury from the report, describing events and decisions but not the officials or institutions that made them. But the report leaves little doubt about what the international lending bank views as the key misjudgment: The IMF's decision — with the advice of the U.S. Treasury — to press Thailand, Indonesia and South Korea to raise interest rates in an effort to stabilize their currencies.

The increases were intended to restore investors' confidence and keep them from selling off any easily liquidated assets they held in the afflicted countries. But the report concludes that the strategy backfired, creating a far larger disaster. It failed to save companies that had invested in overvalued real estate, said Joseph Stiglitz, chief economist of the World Bank, "because those firms were already dead."

But the high interest rates, he said, "created a huge number of bankruptcies" as small businesses suddenly could not pay off debts or buy raw materials. The result, he said, was that the countries were plunged into recession. "There was no early restoration of confidence and the currencies continued to fall for some time."

The tension between the World Bank and the IMF, both of which were created by the Bretton Woods agreement in 1944 to stabilize the world economy, has flared up repeatedly over the past 18 months. Their strategic disagreements have become part of a much broader debate over whether the severity of the crisis could have been lessened.

The IMF continues to insist that it made the best judgments it could, though at a seminar this week one Fund official conceded that the organization had made some judgments "too quickly" and mistakenly thought it was simply seeing a repeat of past currency crises.

But the World Bank report amounts to a blow-by-blow account of how misjudgments — by global investors, by Asian officials who were blind to the risks that they were taking by depending on short-term foreign investments and finally by international officials trying to repair the damage — multiplied the damage.

It also calls for a tremendous slowdown in the movement to deregulate financial markets in developing countries, a reversal of the policy that the IMF advocated as late as April 1997, just three months before the collapse of the Thai baht touched off the crisis.

Key General Of Bosnian Serb Forces Is Arrested

By Charles Trueheart
Washington Post Service

PARIS — U.S. troops arrested a key Bosnian Serb general Wednesday in connection with the worst massacre of Muslim civilians during the Balkans war and dispatched him to the Netherlands to stand trial for genocide.

General Radislav Krstic is the highest-ranking war crimes suspect yet to be taken into custody in The Hague, seat of the UN tribunal prosecuting war crimes and genocide in the 1992-95 conflict that pitted Serbs, Croats and Muslims against one another in the disintegrating former Yugoslavia.

Until his capture by American units of the NATO-led Stabilization Force in northeastern Bosnia, General Krstic's indictment by the tribunal had been a closely guarded secret, one of an unknown number of arrest warrants kept under seal to enhance the prospect of detention. General Krstic's sealed indictment was barely a month old.

The chief prosecutor in The Hague, Louise Arbour, described General Krstic's arrest as "very significant for the continuing work of the tribunal," which has been attacked for prosecuting suspects much farther down the chain of command. Nearly a score of indictments of top-ranking officers or soldiers have been dropped in the past year in an effort to refocus the cash-strapped, slow-moving tribunal on more significant wartime decision-makers such as General Krstic, who reported to the Bosnian Serb military commander, Ratko Mladic.

In a statement Wednesday, the secretary-general of NATO, Javier Solana, warned the 29 publicly indicted suspects still at large "to surrender immediately" to the tribunal, saying, "They, too, will be brought to justice."

The two most wanted Bosnian Serbs — General Mladic and the former political leader, Radovan Karadzic, their whereabouts are no secret to North Atlantic Treaty Organization forces who are monitoring the peace in Bosnia and who have multiple mandates to arrest all suspects wanted in The Hague.

Mirza Hafizic, a Bosnian Muslim official who welcomed the arrest, suggesting to the Reuters news agency that the action had made those two men's day of judgment imminent.

See BOSNIA, Page 4



General Radislav Krstic will be tried for genocide and war crimes.

In Asia, a New Mutual Defense

U.S. to Offer Aid in Return for Access to Local Bases

By Michael Richardson
International Herald Tribune

SINGAPORE — The first of seven U.S. Navy ships in a battle group led by the aircraft carrier Carl Vinson dropped anchor in Singapore on Wednesday in a move that signals a major upgrading of the U.S. military presence in Southeast Asia.

Instead of seeking bases under American military control similar to those in Japan and South Korea, U.S. defense officials say they intend to negotiate new agreements with Southeast Asian countries that will increase U.S. access to local bases and support services.

In return, the United States will offer the armed forces of host nations better training and supplies. Washington also plans to offer cooperating countries finance so that they can buy U.S. military equipment, services and training, officials say.

Such an arrangement is calculated to appeal to cash-strapped armed forces in Southeast Asia that have had to curtail operational readiness and training because of deep cuts in defense budgets triggered by financial turmoil and economic recession in the region.

The aim of the higher American military profile, U.S. and Southeast Asian officials say, is to strengthen confidence in Washington's commitment to help maintain regional stability at a time of strategic uncertainty caused by the crisis.

Outlining U.S. plans, the deputy assistant secretary of defense, Kurt Campbell, said recently in Washington that the United States wanted to "increase our

engagement with Southeast Asian militaries, particularly give the financial crisis and the lack of resources that are going to the militaries throughout Southeast Asia."

Reflecting American concerns about fanning the nationalist sentiments unleashed by the crisis, particularly in such countries as Malaysia and Indonesia, Mr. Campbell said the objective was to "find some

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AGENDA

Israel Warns Palestinians on Statehood

JERUSALEM (Reuters) — Israel said Wednesday that it would cede no more land to the Palestinian Authority until its leaders promised not to declare a Palestinian state in the West Bank. Page 6.

Ex-U.S. Agriculture Chief Is Acquitted

WASHINGTON (AP) — Former Agriculture Secretary Mike Espy was acquitted of all counts Wednesday in a corruption case involving sports tickets and travel that he accepted from companies that did business with his department.

The acquittal followed a seven-week trial that focused on Mr. Espy's attendance at parties and sporting events while he was President Bill

Clinton's first agriculture chief in 1993 and 1994. The jury deliberated nine hours over two days before finding Mr. Espy innocent of all 30 counts.

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As Giant Copes With Oil Glut, Cuts Could Mean 'Loss to Society'

By Louis Uchitelle
New York Times Service

NEW YORK — For all the wealth of Exxon and Mobil — and all the market power inherent in the takeover of Mobil by Exxon — these two oil giants are essentially purveyors of an ordinary commodity, and commodities are a drag on the market today, driving prices everywhere and hurting

the economy.

The proposed combination is essentially an attempt by Exxon and Mobil, particularly Mobil, to sustain profits. That helps explain why investors, rather than celebrate the deal, drove down the stock prices of both companies on the New York Stock Exchange on Tuesday. The stocks stabilized Wednesday, with Mobil closing at \$84.1875, up 43.75 cents, while Exxon slipped 71.25 cents.

The two companies are among the most profitable in the United States, but the current price of crude oil, at just over \$11 a barrel, is barely enough to cover

Exxon's exploration and production costs and less than what Mobil spends to find and refine oil and natural gas.

The cost reductions from the Exxon-Mobil accord "will come in many different areas," said Victor Burk, chief of Arthur Andersen's Energy Services Group. "Exxon and Mobil will combine their headquarters and back-office operations, and their purchases of supplies and services." Mr. Burk said, "As the world's biggest company, their negotiating power will be greatly enhanced. And they will try to reduce Mobil's costs for finding and developing oil reserves, bringing them more in line with Exxon's."

All of that cost-cutting cuts two ways for ordinary consumers. Lower costs mean lower prices for gasoline, plastics and other petroleum-based products. But this takeover, like other recent ones in the oil industry, represents a departure from traditional mergers, and that works against ordinary Americans, Peter Bernstein, an economist and consultant, said. "It used to be that mergers were to gain market share," he said, but the aim

is Exxon's takeovers of Mobil to cut costs, and that involves "losses to society."

Cost-cutting, "means,"

"means people lose their jobs, and the impact on society of downsizing is probably on balance negative."

With oil prices unlikely to rise until

Asian demand revives — probably many

months in the future — other oil companies appear to be moving in the same direction. Total of France announced Tuesday that it had acquired a 41 percent stake in Petrofina of Belgium.

The plunge in commodity prices goes beyond oil, and beyond steel or textiles or grain or other basic materials that the word "commodity" brings to mind. Because of the collapse in Asian demand, a price index of 28 of these commodities has fallen by 25 percent since last spring. But in the modern economy, "commodity

The Biggest Deals

In the year of the megamergers

Tuesday's announced

combination of

Exxon and Mobil

would rank as the

largest deal to

date.

Will bosses' styles clash? Page 2.

• High antitrust hurdles. Page 13.

Buyer

Acquired

Value of deal

\$500

70

62

101

144

115

50

34

34

32

30

22

22

20

19

18

17

16

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Exxon and Mobil / Are Bosses' Styles Compatible?**Big Oil's Colliding Cultures Go to the Altar**By Agis Salpukas
New York Times Service

NEW YORK — When the heads of most of the world's biggest oil companies were invited recently to the home of the Saudi ambassador to the United States, each of the seven tried valiantly to put his best foot forward. They had come here, after all, to discuss a tantalizing opportunity — helping Saudi Arabia develop its vast energy reserves.

Up first was the Exxon chairman, Lee Raymond, who delivered a trim, concise speech. He recited, from memory, statistics on Saudi natural gas reserves and suggested some specific ways Exxon might be able to help.

Five other executives followed him, each making low-key, carefully worded pitches. Finally, it was the turn of the Mobil chairman, Lucio Noto, who, characteristically, started off with a joke. Little had changed, he said, since Mobil had been the smallest partner in Aramco, the four-company partnership the Saudis nationalized in the 1970s. Now, once again, he was the last in line.

That shattered the meeting's icy atmosphere, allowing Mr. Noto to go into a lengthy discourse on the Saudi political landscape, ground that he was familiar with because he had known some Saudi princes when he lived in the country as a young Mobil executive two decades before.

The bosses at Exxon and Mobil, in short, have markedly different styles, making their proposed alliance seem an odd match indeed.

Not that it would be a marriage of equals, though. It is Mr. Raymond who would put a far bigger stamp on the combined company.

Mr. Raymond, 60, has always been clear and focused. He grew up in tiny Watertown, South Dakota, and, in 1963, armed with a doctorate in chemical engineering from the University of Minnesota, he joined Exxon as a production research engineer. In his methodical rise at Exxon, he never flinched from tough assignments, including overseeing the cleanup of the Exxon Valdez oil spill and the legal settlements that followed. He gained a reputation of being reserved and analytical, of investing Exxon's huge cash flow with great care. So it surprised no one when he was named chairman and chief executive in 1993.

Mr. Noto is also 60 but has a far quicker résumé. The son of Italian immigrants, he once pushed clothing-filled handcars in New York in the summer. Persistent and gregarious, he was able, soon after getting his M.B.A. at Cornell and starting his climb at Mobil, to impress the powerful with a savvy sense of political and economic trends. He was a dark horse when the top spot opened up in 1994, and even he was surprised when he was named chairman, president and chief executive.

And in many ways, each man does reflect the company he leads.

Mobil, which spends millions to run opinion-laden advertisements and sponsors "Masterpiece Theater," has long been aggressive in courting public opinion. Run by strong executives who are given a lot of leeway to take risks, the company



Michelle Agiss/The New York Times

The Mobil chairman, Lucio Noto, right, whispering to his Exxon counterpart, Lee Raymond, during a New York news conference about their alliance, which is considered an odd match.

found ways to make deals to get into Russia and Kazakhstan. And it is quick to apply new technology, leading the way, for instance, in credit card systems that allow pay-at-the-pump gasoline sales. Before Mr. Noto got on the scene, though, Mobil's return on equity was far from stellar.

Exxon, by contrast, runs under the tight grip of Mr. Raymond and a small group of top executives, tries to avoid the limelight even when the news is good.

It excels at squeezing the most return from the resources it has, but balks at taking political risks. And while its exploration skills are first-rate and its refineries and network of service stations are run with clockwork efficiency, it likes to limit its risk. For example, it preferred to let Royal Dutch/Shell show that oil and natural gas could be profitably recovered from fields lying thousands of feet under the ocean floor before it took the big plunge itself.

AND THE merged company, with Mr. Raymond in charge, would be likely to mirror the Exxon model, with the devotion to cost-cutting and engineering prowess that has made Exxon by far the most profitable of the oil majors. In an era of \$11-a-barrel oil, energy diplomacy and power politics, Mobil's specialties, may have to take a back seat for now.

Not that Mobil, and its distinctive style, would be entirely swallowed up. As in any marriage of opposites, analysts say, the beginning may be rocky, but later each may find that its partner has strengths that will shore up its own weaknesses.

But there could still be problems. "They are both so independent that they like to do things their way," said Fred Leaffer, an oil analyst at Bear Stearns, of Mr. Raymond and Mr. Noto. "That makes it almost impossible to get together in any amicable way."

Mathieu Zajdela, a managing director of Petroleum Finance Co., a consulting group based in Washington, who has worked with Mobil in Europe

to narrow considerably. And talks with Conoco were called off when it became clear that it would not be a good fit.

Exxon was surely even tougher for Mr. Noto to crack because of its size and because Mr. Raymond had always been wary of the uncertainties of a merger.

Mr. Noto, however, is known for his persuasive powers. Two years ago he put together a joint marketing and refining venture with British Petroleum that has led to the shedding of thousands of jobs and the saving of about \$500 million a year in costs, a move that prompted other oil majors to form similar ventures.

The idea of a merger was born, Mr. Raymond said in an interview this week, in lower-level talks earlier this year about combining refining operations in Japan. When he and Mr. Noto attended a meeting together in June, Mr. Raymond brought up those talks and said: "Maybe we should talk about that."

To which Mr. Noto responded, "That and other things." Within three weeks, the two were talking about far closer ties.

Mr. Noto, sitting next to Mr. Raymond, acknowledged that the two had different styles, but said, "You don't run a company based on style."

The two companies, Mr. Noto stressed, have many things in common, like not basing "our strategy on what is popular today."

As soon as he took charge at Mobil, Mr. Noto made it clear that even though Mobil had already gone through the wringer, shedding 15,000 workers over the previous five years, it was just the beginning.

As for today's challenges, Mr. Noto and Mr. Raymond might be the ideal team. Mr. Noto was in Saudi Arabia from 1977 to 1985, making friends with some current Saudi leaders. And Mr. Raymond has the resources and skills to put projects together. Between them they may find a way back into the country with by far the largest oil reserves in the world.

AIDS Epidemic's Shadow Hangs Over South AfricaBy Lynne Duke
Washington Post Service

JOHANNESBURG — As the spread of AIDS in Africa continues to thwart the continent's development, South Africa, the region's economic powerhouse, is showing such rapid AIDS growth that overall life expectancy here could fall by nearly a third over the next decade.

About 14 percent of South Africa's 32 million people are infected with the human immunodeficiency virus, or HIV, that causes AIDS, and 1,500 more are diagnosed with the virus each day, according to government statistics.

If the spread of the virus continues unabated, South Africa's overall life expectancy could fall from about 68 years to 48 in the first decade of the new millennium, according to government and UN statistics.

Long sheltered from AIDS because of its international isolation under apartheid, South Africa's AIDS rate is now making Southern Africa the center of the global AIDS epidemic.

Most of the country's hardest hit by AIDS are in Southern Africa, notably Botswana, Namibia, Zimbabwe and Swaziland.

Between 20 percent and 26 percent adults in those countries are infected with HIV or have AIDS.

"We now know that despite these already very high levels of HIV infection, the worst is still to come in Southern Africa," said Peter Piot, ex-

ecutive director of the Joint United Nations Program on HIV/AIDS, which marked World AIDS Day on Monday in South Africa for the first time. "The region is facing a human disaster on a scale it has never seen before."

Of the 1.4 million people between the ages of 15 and 49 who were infected with HIV this year in nine Southern African countries, slightly more than 50 percent were in South Africa.

Health experts attribute the rapid increase to a variety of factors, ranging from disdain for condoms, to sluggish public awareness campaigns, to migrant labor patterns both inside and out to and from South Africa.

South Africa's post-apartheid open-

ness has made for a degree of cross-border traffic unheard of when international sanctions against the former white-minority regime ensured the country's isolation.

Since the first AIDS deaths were recorded in the 1980s, 83 percent of the world's AIDS deaths have been in sub-Saharan Africa, and 95 percent of the world's AIDS orphans are African. This year, 70 percent of the world's newly infected people are in this sub-Saharan region.

The spread of the disease has economic as well as human costs. Economists say growth rates are hampered by the public and private expenditures necessitated by the epidemic. The UN

estimates that by 2005, South African businesses will be paying out AIDS-related employee benefits equivalent to 19 percent of salaries, versus 7 percent in 1995.

"AIDS has never posed a bigger threat to development," the UN AIDS program says.

South African officials are speaking about AIDS in blunter terms than ever before. President Nelson Mandela has even called for condom use.

"Although AIDS has been part of our lives for 15 years or more, we have kept silent about its true presence in our midst," said Mr. Mandela. "We have too often spoken of it as someone else's problem."

TRAVEL UPDATE**Train Delays in France**

PARIS (AP) — Disruption in French rail services due to a strike by ticket inspectors was set to continue for the seventh day Thursday as union leaders and management tried to iron out their differences.

The state-owned SNCF railroad said that traffic was disrupted Wednesday in most regions except in Brittany, northwest Picardy and the northern Pas-de-Calais regions.

Suburban trains in the Paris region that do not use ticket inspectors were running normally, as were high-speed

trains within France and those traveling to London, Brussels, Amsterdam and Cologne.

A Swiss Airline Closes

BERN (AP) — Geneva-based Swissair, facing financial troubles, has suspended flights until further notice, a Swiss aviation official said Wednesday.

The company started scheduled flights from Geneva to Newark, New Jersey, in September. It has been operating six round-trip flights a week with its single Boeing 767 jet.

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U.S. Automakers Fight Claims of Aiding Nazis**Like Swiss Banks, Ford and GM Are Under Fire**By Michael Dobbs
Washington Post Service

Spelich, defended his company's decision to maintain business ties with Nazi Germany on the grounds that the U.S. government continued to have diplomatic relations with Berlin up until Pearl Harbor in December 1941. A GM spokesman, John Mueller, said his company lost day-to-day control over its German plants in September 1939 and "did not assist the Nazis in any way during World War II."

When U.S. troops invaded Europe in June 1944, they did so in jeeps, trucks and tanks manufactured by the Big Three in one of the largest crash militarization programs ever undertaken. It came as an unpleasant surprise to discover that the enemy was also driving trucks made by Ford and Adam Opel AG — a 100 percent GM-owned subsidiary and flying Opel-built warplanes. Chrysler's Corp.'s role in the German rearmament effort was much less significant.

The issues at stake for the carmakers go far beyond the relatively modest sums involved in settling any lawsuit. During the war, the companies established a reputation for themselves as "the arsenal of democracy" by transforming their production lines to make airplanes, tanks and trucks for the armies that defeated Adolf Hitler. They deny that their heavy business interests in Nazi Germany had led them, willingly or unwillingly, also become "the arsenal of fascism."

Ford Motor Co. has mobilized dozens of historians, lawyers and researchers to fight a civil case brought by lawyers in Washington and New York who specialize in extracting large cash settlements from banks and insurance companies accused of defrauding Holocaust victims. Also, a book scheduled for publication next year will accuse General Motors Corp. of playing a key role in Hitler's invasions of Poland and the Soviet Union.

"General Motors was far more important to the Nazi war machine than Switzerland," said Bradford Snell, who has spent two decades researching a history of the world's largest automaker. Switzerland was just a repository of looted funds. GM was an integral part of the German war effort. The Nazis could have invaded Poland and Russia without Switzerland. They could not have done so without GM."

Both General Motors and Ford insist that they bear little or no responsibility for the operations of their German subsidiaries, which controlled 70 percent of the German car market at the outbreak of war in 1939 and rapidly retooled themselves to become suppliers of war material to the German Army.

But documents discovered in German and American archives show a much more complicated picture. In certain instances, American managers of both GM and Ford went along with the conversion of their German plants to military production at a time when U.S. government documents show they were still resisting calls by the Roosevelt administration to step up military production in their American plants.

After three years of national soul-searching, the largest Swiss banks agreed in August to a \$1.25 billion settlement with Holocaust survivors, a step they had initially resisted. The controversy over business dealings with the Nazis has given new impetus to longstanding investigations into such issues as looted art, unpaid insurance benefits and the use of forced labor at German factories.

Although some of the allegations against GM and Ford surfaced during 1974 congressional hearings into monopolistic practices in the automobile industry, American corporations had largely succeeded in playing down their connections to Nazi Germany.

As with Switzerland, their very success in projecting a wholesome, patriotic image of themselves is now being turned against them by their critics.

"When you think of Ford, you think of baseball and apple pie," said Miriam Kleinman, a researcher with a Washington law firm who spent weeks examining records at the National Archives in an attempt to build a slave-labor case against the company. "You don't think of Hitler having a portrait of Henry Ford on his office wall in Munich."

Both Ford and General Motors declined requests for access to their wartime archives. A Ford spokesman, John

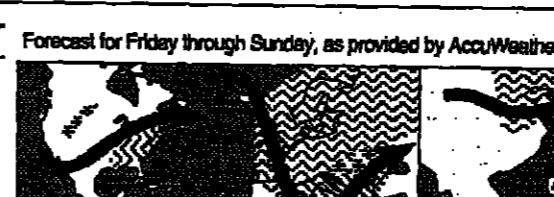
As war approached, it became increasingly difficult for American corporations like GM and Ford to operate in Germany without cooperating closely with the Nazi rearmament effort.

Documents show that the parent companies followed a conscious strategy of continuing to do business with the Nazis, rather than divest themselves of their German assets. Less than three weeks after the Nazi occupation of Czechoslovakia in March 1939, the chairman of GM, Alfred P. Sloan, defended this strategy as sound business practice, given the fact that the company's German operations were "highly profitable."

The internal politics of Nazi Germany "should not be considered the business of the management of General Motors," he wrote April 6, 1939, to a concerned shareholder. "We must conduct ourselves as a German organization" there.

WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.



Europe

North America

Asia

Africa

Oceania

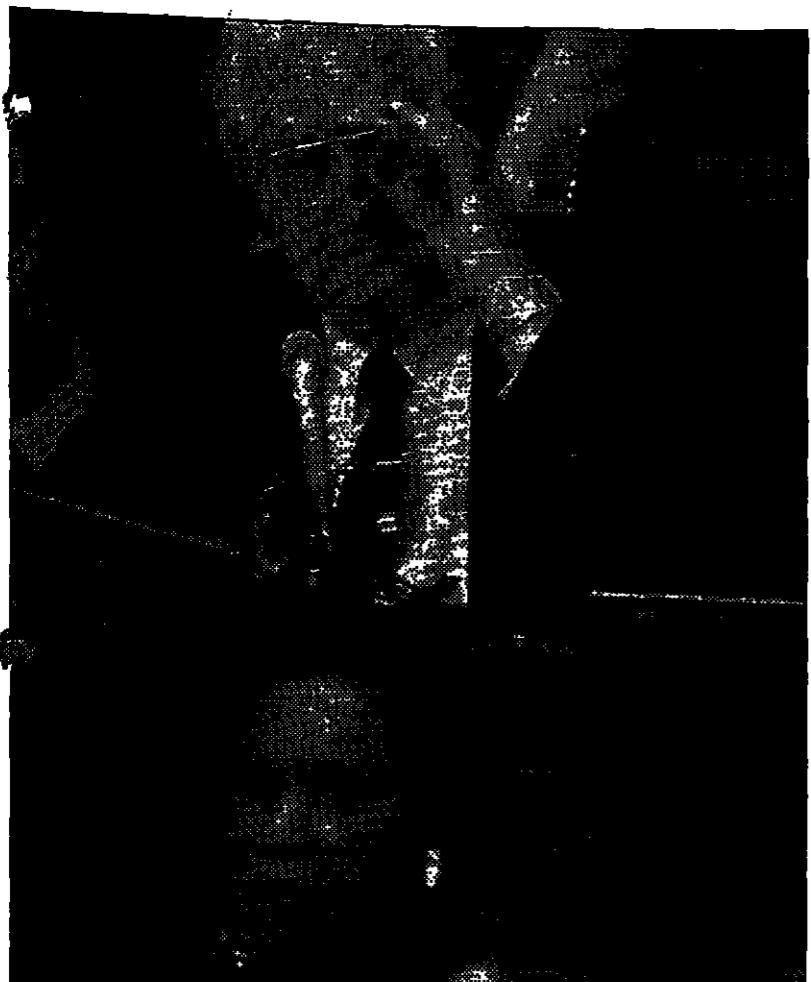
Latin America

Oceans

Space

Guts

THE AMERICAS



Henry Hyde, chairman of the House Judiciary Committee, presiding over impeachment hearings that have been criticized as lacking focus.

Whither the Clinton Inquiry? Both Sides Wonder

By Dan Balz
and John F. Harris
Washington Post Service

WASHINGTON — If there is a strategy that House Judiciary Committee Republicans are following in their impeachment inquiry against President Bill Clinton, it is no longer evident — even to many of their Republican colleagues on Capitol Hill.

Actions taken by the committee this week, particularly the decision to expand the inquiry into Democratic fund-raising practices in the 1996 presidential campaign — a subject already explored by two other congressional panels — underscored the feeling that a solemn constitutional process has begun to veer out of control.

"There's a major concern that we let it out of the box and we don't know how to get it back in," said Representative Christopher Shays, Republican of Connecticut, who does not serve on the committee.

[A federal judge on Wednesday gave permission to impeachment investigators in the House to read secret Justice Department memos laying out evidence of alleged fund-raising irregularities in Mr. Clinton's 1996 campaign. The Associated Press reported from Washington. U.S. District Judge Norm Holloway Johnson said one Republican and one Democrat from the House Judiciary Committee staff will be permitted to see the memos, written by the director of the FBI, Louis Freeh, and the prosecutor Charles LaBella. Attorney General Janet Reno has resisted recommendations by the two men to appoint a special counsel to investigate the fund-raising.]

At a time when the impeachment proceeding had appeared to be heading toward a conclusion — with most Democrats and some Republicans favoring censuring the president for his attempts to conceal his affair with Monica Lewinsky — events this week

suggest it could spill into 1999, a prospect favored by neither Republicans nor Democrats.

Both House Republicans and Mr. Clinton's advisers say they want the process over, but actions in recent days have shown that neither side is ready to take the steps necessary to bring that about. Mr. Clinton's legalistic answers last week to 81 questions from the committee infuriated Republicans and seemed to embolden committee members to widen their inquiry.

But Republicans not on the committee despair that the Judiciary Committee's partisan tactics may be self-defeating. "We had an opportunity to shape this debate and we allowed it to slip away," said a Republican strategist with ties to the House leadership. "Our inability to manage this effectively should not be the reason this guy is allowed to commit perjury and get away with it, but that looks like where we're headed."

Some legal experts said the session on Tuesday underscored how unfocused the impeachment inquiry had become. The result has been to detract attention from examination of the most serious allegations in the report by the independent counsel Kenneth Starr — particularly obstruction of justice — and put a spotlight on the partisanship and procedures of the committee.

Throughout the year, Republicans assumed that by illustrating how serious Mr. Clinton's transgressions were, they would persuade the public that he deserved impeachment. That it has not turned out that way, in the view of some legal experts, reflects a failure to pursue a narrow case on the charges to which Mr. Clinton is most vulnerable.

Greg Mueller, a Republican strategist, said the hearing on the legal basis for a perjury charge that was held Tuesday should have been scheduled months ago. "I'm concerned that people have a roll-your-eyes mentality about this whole thing," he said.

The absence of a clear strategy within the committee has raised questions about who is in charge in the

House. The outgoing House speaker, Newt Gingrich, Republican of Georgia, is away on "personal time," according to his press secretary, Christina Martin. The speaker-designate, Bob Livingston, Republican of Louisiana, who has made clear his desire for the impeachment issue to be gone before he assumes office in January, does not appear to be exercising much influence at this point either.

Two months ago, Democrats were complaining that Mr. Gingrich was secretly calling the shots on the committee. On Tuesday the House minority leader, Richard Gephardt, Democrat of Missouri, appealed to Mr. Gingrich and Mr. Livingston to seize control.

"I fear this investigation is in chaos due to the lack of direction," Mr. Gephardt said in a letter. "I believe that it is incumbent on you to provide the leadership necessary to move the process forward."

Ms. Martin responded that "the matter lies squarely in Henry Hyde's hands."

White House advisers spent Tuesday trying to decipher the motives of House Republicans. One theory they advanced is that at least some Republicans see a dragged-out inquiry as a way to destabilize Mr. Clinton during the remaining two years of his presidency.

The White House, which until now has projected an air of detachment toward the committee, took the decision to expand the inquiry as a green light to attack.

The White House press secretary, Joe Lockhart, accused the panel of "going off on a variety of different fishing expeditions," adding, "When you look at the last 24 hours, you'll understand why the public has so little confidence in this process."

With the level of acrimony rising, the Clinton team on Wednesday seemed to be leaning against an offer to present a defense Dec. 8. "What's the point of getting in the middle of their mud-pie-throwing contest?" asked a White House official who did not want to be named. "There seems to be no benefit."

BRIEFLY

Retirement at 70? An Unpopular Idea

WASHINGTON — As the Clinton administration gears up for a special White House conference on Social Security, the head of the huge retirement program has warned that the public is deeply skeptical of any proposal to raise the retirement age.

Boosting the age for full Social Security benefits to 70 has become a component of many congressional proposals for saving the program from bankruptcy in the next century.

But the Social Security commissioner, Kenneth Apel, said there was "very little support among the American people" for increasing the age, which is 65 and scheduled to rise in stages to 67 for Americans born after 1959.

Mr. Apel said, "I don't like that idea" is the most common response to virtually all suggestions for solving Social Security's financial problems.

But now, with the government running its first budget surpluses in a generation, is the time to act, he said.

Mr. Apel's remarks underscore the major difficulties President Bill Clinton and Congress will encounter in trying to find common ground at a White House conference on Social Security next week. (LAT)

Republican Leaders Re-elected Easily

WASHINGTON — Senate Republicans quelled a mini-revolt over the results of last month's elections and handily re-elected their current leaders, who promised renewed efforts to pass a strong legislative agenda and sell it to the American people.

In the only contested race for Senate leadership positions, Senator Mitch McConnell of Kentucky, easily won a second term as chairman of the senatorial campaign committee. He turned

aside a challenge by Senator Chuck Hagel of Nebraska, who accused the leadership of failing to give candidates a strong platform and urged the party to drop negative campaigning.

The majority leader, Trent Lott of Mississippi, was re-elected without opposition, as were other members of the current leadership, a stark contrast with the post-election purge of Republican leadership ranks in the House. (WP)

Quote/Unquote

"The White House press secretary, Joe Lockhart, complaining that the outgoing House speaker, Newt Gingrich, and the incoming speaker, Representative Bob Livingston, are not more fully involved in the impeachment process: 'It's obviously an odd situation where you have the Congress undertaking the most grave responsibility they have short of declaring war and the leadership saying that they don't want anything to do with it.'" (AP)

Jets Due to Pakistan Find a New Home

New Zealand Buys Planes That U.S. Refused to Deliver Despite Payment

By Steven Erlanger
New York Times Service

WASHINGTON — The United States has finally found a customer for the fighter planes that it sold to Pakistan but never delivered.

A day before Prime Minister Nawaz Sharif of Pakistan met with President Bill Clinton at the White House on Wednesday, New Zealand agreed to acquire 28 F-16 fighters on a 10-year lease-buy arrangement for about \$105 million.

American officials confirmed the arrangement but not the price and said that many details remained to be worked out, including how much money will go directly to reimburse Pakistan and whether New Zealand can later upgrade to a newer model.

Pakistan had paid some \$650 million for 28 of 60 F-16 fighters it ordered

when a congressional amendment was triggered in 1990 that cut off all direct economic aid and military sales to Pakistan after President George Bush said he could no longer certify that Pakistan was not developing nuclear weapons.

But Washington refused to reimburse Pakistan, since the money was already spent to build the planes, and it has been searching intermittently for nearly a decade to find another customer, while the planes remain in storage in Arizona.

In 1995, Mr. Clinton said that the situation was unfair and that he would try to rectify it. But an effort in 1996 to sell nine of the planes to Indonesia for \$200 million was abandoned because of congressional objections to Indonesia's human rights record.

The American and allied effort to defuse a nuclear arms race in South Asia continues, and will be a prime topic between Mr. Clinton and Mr. Sharif.

Pakistan's nuclear program, which was almost entirely dependent on Chinese expertise and aid, was under-

taken in response to India's nuclear program.

In May, after India conducted nuclear tests, Pakistan also did so, bringing down further economic sanctions against both countries, which Pakistan could ill afford.

On Tuesday, Mr. Clinton formally waived some of those sanctions imposed on India and Pakistan, allowing tending to resume by the U.S. Export-Import Bank, the Overseas Private Investment Corp. and the Trade and Development Agency.

U.S. officials said last month that the sanctions would be waived as a reward to both countries for agreeing to stop testing and as an incentive for further steps to control proliferation.

The American and allied effort to defuse a nuclear arms race in South Asia continues, and will be a prime topic between Mr. Clinton and Mr. Sharif.

But how do you make a getaway at 25 miles

per hour? Just do it, said Randy Kugler, a Dade County detective who works undercover for U.S. Customs. "I've driven dozens off of construction sites and never once have I been stopped." Even if police do stop a suspicious vehicle, heavy equipment generally does not require licenses or registration, making it hard to spot thieves.

The authorities are fighting back, however. Mr. Kugler was involved in an 18-month sting operation — he infiltrated four organized-crime rings — that produced 22 federal indictments. And law-enforcement agencies are working with equipment makers to create a universal system of vehicle identification.

Short Takes

How do you steal a bulldozer? How do you make a thundering, clanking, multiton yellow machine disappear? Simple: Start it up with a dime-store universal key and drive off a construction site. In places like southern Florida, where subdivisions sprout like mushrooms after a rain, bulldozers and backhoes have been disappearing. The Miami Herald reports. Nationwide, such thefts add up to \$1 billion a year, insurers estimate.

Most of the machines are disassembled and shipped to Latin America. Insurance rates have skyrocketed; the payout for a stolen construction vehicle averages \$35,000, seven times that of a car.

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Short Takes

Life under the flight path of 2,500 jet planes a day has its ups and downs. Residents of Park Ridge, Illinois, near O'Hare International Airport, say the air often smells of jet fuel. They joke that if you wash your house, you get enough kerosene to heat it. Still, proposals to build a third area airport — to relieve

congestion at O'Hare and Midway Airport — are not met with universal enthusiasm. O'Hare supports 350,000 jobs, directly or indirectly.

The Chicagoland Chamber of Commerce has called for expansion of O'Hare, saying it can be designed to safely handle even more than the current 70 million passengers a year. Issues like safety, noise and pollution, it says, cannot be "allowed to dominate the debate."

Even before the big rise in commercial sales on the Internet, the number of on-line auctions was exploding. More than 1,000 sites now offer everything from auto to Frank Zappa memorabilia, the Los Angeles Times reports.

Most sites work like traditional auctions: The seller describes an item or scans a photo of it, and names a minimum price. Buyers then bid — but with hours or weeks to think, not just minutes. That reduces irrational buying, still, say those who have done it, buyers should do their homework before shelling out, say, \$18 for that Scooby Doo Pez candy dispenser.

Brian Knowlton

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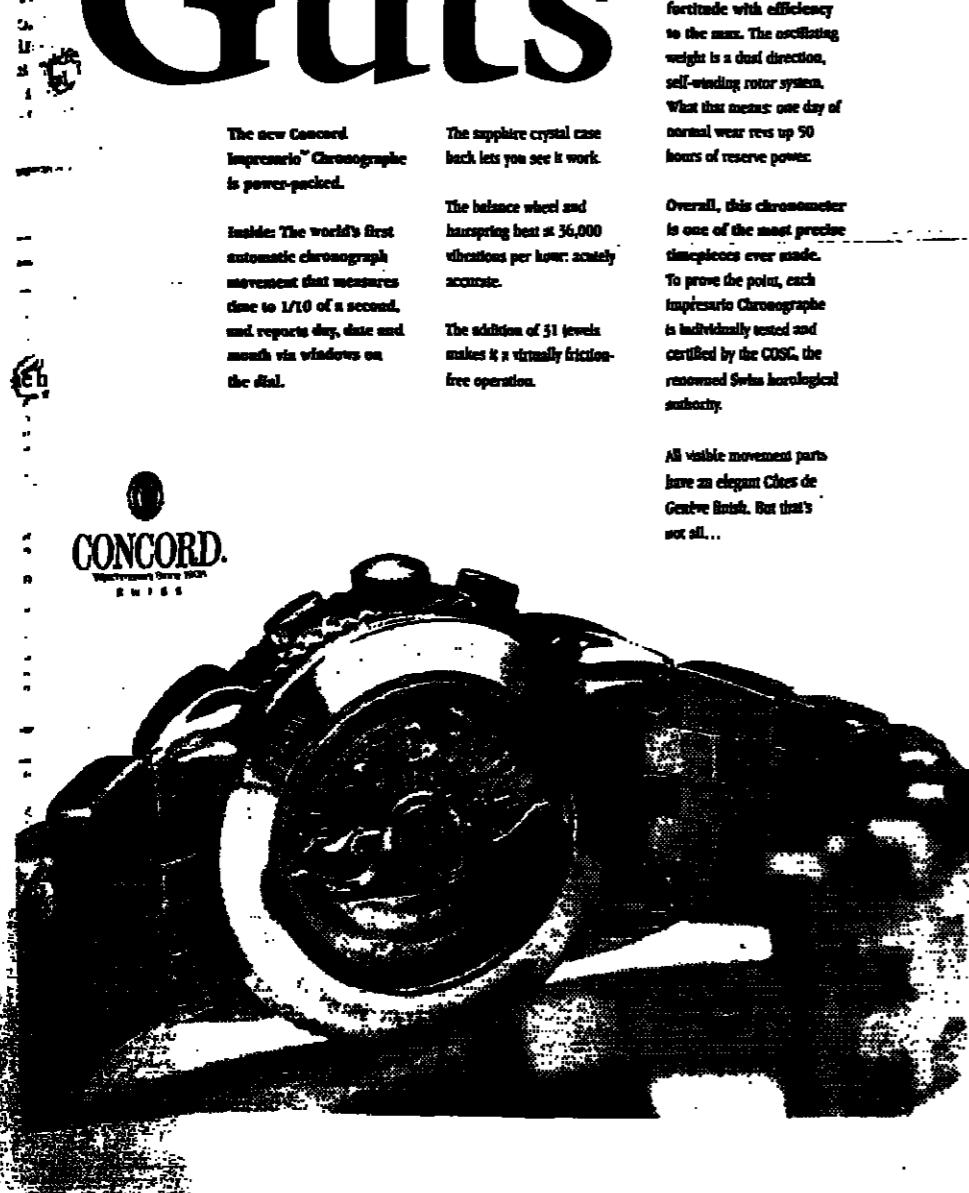
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INTERNATIONAL

Albright, Grappling With Her Family's Holocaust Deaths, Stirs Conference

By Thomas W. Lippman
Washington Post Service

WASHINGTON — Secretary of State Madeleine Albright, who lost three Jewish grandparents in Nazi concentration camps, has told an international conference that the quest for belated justice for Holocaust victims "requires that painful memories be revisited, easy evasions confronted and inconvenient questions asked and answered" — a process she is going through herself.

Mrs. Albright, who was born in Czechoslovakia and raised as a Catholic, has said that she learned of her Jewish roots only last year. She stirred delegates at a conference on the recovery of art and other assets taken from Holocaust victims and their families by relating its work to her personal history.

"I think of the blood that is in my family veins," she told the gathering, sponsored by the State Department and the U.S. Holocaust Me-

morial Museum. "Does it matter what kind of blood it is? It shouldn't. It is just blood that does its job. But it mattered to Hitler, and that matters to us all, because that is why 6 million Jews died."

Mrs. Albright often relates her foreign policy views to her history as a refugee, first from the Nazis, then from communism. But she rarely speaks publicly about her Jewish ancestry, "a subject," as she put it Tuesday, "for which I have not yet found, and may never find, exactly the right words."

But she used her appearance before an international audience of Holocaust survivors, leaders of Jewish organizations and government officials to provide one of her most prolonged public reflections to date about her background and its legacy.

"When I was young, I didn't often think about grandparents. I just knew I didn't have any," said Mrs. Albright, who has said that she learned of her Jewish ancestry after a Washington Post reporter uncovered it last year. "I was an infant

when I was separated from them. Now, I too have become a grandparent, and I look at my children's children, and the love and pride literally overflow.

"I am sure now that I was once the object of such affection, not only from my parents but from those who gave them life. And as I think of my life, now in my 62d year, I think also of my grandparents' lives in those final years, months and days."

Her voice catching briefly, Mrs. Albright said she often thinks of the "innocent, irreplaceable people, people who loved and enriched life with their warmth, their smiles and the embrace of their arms" and died because they were Jews.

Her comments prompted a standing ovation from conference participants, many of whom later said they were moved by her explicit linkage of her past and their work.

The conference brought together delegates from 44 countries and 13 private organizations to forge common policies on tracking down art

works looted by the Germans, tracing unpaid insurance policies and reclaiming "communal property," such as synagogues and cemeteries. The total value of these assets is estimated to be at least tens of millions of dollars.

A similar conference last year led to negotiated settlements involving Swiss bank accounts and looted gold.

The delegates here are addressing what Stuart Eizenstat, undersecretary of state and chairman of the U.S. delegation, called "the final chapter in the unfinished business of perhaps the greatest human tragedy of this or any other century."

Abner Milva, a former federal judge and chairman of the conference, said its purpose was not "to make specific government decisions" but to seek agreements on procedures for settling the remaining issues and to press for commitments to full access to all relevant archives.

The Holocaust Museum's chairman, Miles Lerman, described the task as "a financial and moral audit" of the role played by the par-

ticipating countries during the Holocaust.

Mr. Eizenstat said that by some estimates, "fully one-fifth of all the art in Europe was uprooted" by the Germans and their accomplices during World War II. He added that the U.S. delegation would seek approval of 11 proposed "principles and processes" for identifying and dealing with the troves of looted art that may exist across Europe, including a commitment by governments to identify stolen works and make information available to possible claimants.

Lawrence Eagleburger, a former secretary of state, is chairman of an international commission studying insurance archives in several European countries and is examining policies from the Nazi era in the 1930s and 1940s, many of which were never paid. Under pressure from state insurance regulators in the United States, who have threatened to limit the right to do business in their states, six European insurance companies already have committed \$90 million to a "manitarian fund" for Holocaust survivors.

French and British Aides Discuss EU Security Role

Part of Initiative on Military Cooperation

By Joseph Fitchett
International Herald Tribune

PARIS — Britain and France intensified preparations Wednesday for a joint initiative on European military cooperation as the two countries' foreign and defense ministers held unscheduled talks in Paris to craft their approach to a new security role for the European Union.

Officials of both governments said the talks were aimed at developing Europe's capability to respond with military force in international crises, essentially by improving cooperation among themselves, but without changing their positions in the North Atlantic Treaty Organization.

Publicly, officials declined to confirm the International Herald Tribune's report that the new British and French thinking included dissolution of the Western European Union, a defense body that has theoretically linked the EU and NATO but in practice has undertaken only small naval actions.

Public comments, however, left the WEU's fate open to doubt.

Prime Minister Tony Blair, a British spokesman said, "thinks it is not an ideal organization."

In Paris, where the WEU was holding a 28-nation assembly, participants complained about not having been informed in advance of the organization's possible demise.

French and British officials said privately that their governments were not seeking to impose their views on other European countries and were still hammering out their own views on institutional arrangements, including the question of folding the WEU into the European Union ahead of an EU summit meeting in mid-December.

"There are still options on every point," a French official said, adding that any changes would have to be acceptable to countries such as Italy, the Netherlands or Spain that have significant forces.

DEAL: Cost-Cutting Will Cut Both Ways

Continued from Page 1

items of apparel, lathes, computer chips, small appliances, toys, kitchenware, television sets, watches and many other electronic devices. Commodities in this broader sense are in oversupply mainly because so many companies stepped up production in recent years, in the expectation that as supply rose, so would demand, absorbing the new supply.

The Asian crisis destroyed that strategy, and now manufacturers find themselves unable to sell all that they can produce and often forced to cut prices, hurting profits and forcing layoffs as production has been cut back.

The basic phenomenon, however you define the word commodities, is that there is a huge amount of slack capacity in most industries," said Alan Blinder, a Princeton University economist.

Exxon and Mobil are caught in this squeeze. No U.S. corporation was more profitable than Exxon last year, and Mobil was also among the top performers. The two giants are still reporting healthy profits. Their refining operations and gasoline marketing, for example, continue to prosper. What is more, Mr. Burk of Arthur Andersen said, the combination will give the new company much more clout in dealings with OPEC.

"In terms of production," he said, "it will be near in size to several of the big state-owned oil companies in the Middle East. It will have the means to finance very large exploration and development projects. And we may see Saudi Arabia and Kuwait, for example, opening their countries to foreign oil investment."

But right now, in the basic business of exploring for oil, drilling the wells and recovering crude oil and natural gas, Exxon's and Mobil's costs are beginning to reach or surpass the basic price they get for even the best crude oil.

Exxon's exploration and production cost averaged \$7.11 a barrel in the United States, according to Arthur Andersen's Energy Services Group. Outside the United States, the cost was \$10.39 a barrel — a healthy margin last year, when crude oil rose above \$20 a barrel for a while, but uncomfortably close to today's much lower price of just over \$11 a barrel.

Mobil gets oil from U.S. fields at a cost of \$14.85 a barrel and at an average cost of \$11.52 elsewhere in the world.

"Mobil is not in good shape today in that category," Mr. Burk said, "and when you consider all the other costs involved in recovering crude oil, the cost for both companies is probably more than the current world oil price."



ON GUARD — Turkish policemen manning barriers Wednesday for a controversial soccer match with Italy.

Vote Leaves Quebec's Future Unclear

By Anthony DePalma
New York Times Service

MONTRÉAL — While the results of Quebec's provincial election are muddy enough for both major parties to claim a victory of sorts, and to bear some degree of defeat, the real losers are those who had hoped the election would provide a clear sense of where Quebec, Canada, are

while the Liberal Party, which favors keeping Quebec in Canada, won 48, an increase of one. A small third party won one seat, and a special election will be held in a few weeks for one district where the incumbent died recently. That district is expected to go to the separatists.

In the popular vote, seen as an indication of probable support for sovereignty, the separatists got 42.7 percent, while the Liberals won 43.7 percent.

But Mr. Bouchard refused to rule out the possibility of holding another vote on separation. Instead, he reiterated the position he had taken during the campaign: that he would call a referendum — which he has the right to do at any time during his term — when he could be sure it was winnable.

During the campaign, Mr. Bouchard did not spell out the conditions under which he would consider the vote winnable, and he skirted the issue again Tuesday. But he has made it clear that several problems must be tackled first.

"I don't see how Bouchard can call a referendum in the near future," said Francois Rocher, a professor of political science at Carleton University in Ottawa. "He was elected on good government, and now he will have to govern."

Mr. Bouchard is nearing his goal of eliminating the province's budget deficit. Achieving that would be a sign of fiscal responsibility that the separatists would use to build confidence in their

ability to lead an independent nation. He will soon have to deal with Quebec's large public employee unions, which have been without a contract since June. And he is committed to negotiating a new deal with Ottawa, along with the leaders of the other nine provinces, for more provincial control over social programs.

If the negotiations for a new federal relationship break down, Mr. Bouchard could blame Ottawa and use resentment toward the federal government to build support for a referendum.

During the campaign, some basic assumptions about Quebec were openly questioned for the first time. The charge by the Liberal Party leader, Jean Charest, that 30 years of toying with separation had only hurt Quebec economically resonated with many voters, including some French-speakers. Mr. Charest also called for limits to the provincial government's interference in the economy.

Mr. Bouchard will also have to deal with the defection of some "soft" nationalists — voters whose support for separation fluctuates — to the third-party candidate, Mario Dumont, leader of the Democratic Action Party.

Mr. Dumont, 28, doubled his party's share of the popular vote, although he was the only member who won a seat in the provincial assembly. He called for a 10-year moratorium on referendums and advocated free market measures, although he did not go as far as Mr. Charest.

"He has failed to grasp where the world is heading. He looks at and analyzes the world in categories that are no longer useful or appropriate."

Almost alone among Turkish politicians, Mr. Ecevit lives modestly and has avoided any hint of personal or financial scandal. He speaks fluent English, and his reading runs to poetry and such intellectual journals as the *New York Review of Books*. He has translated the works of T. S. Eliot into Turkish and published several volumes of his own poetry.

PACIFIC: U.S. Military Offers Aid and Training to Asians in Return for Access to Bases

Continued from Page 1

thing that is short of basing but greater than, shall we say, infrequent visits."

"We believe that in order for the U.S. to be a presence in Asia, it's important not just to have an important foothold in both Korea and Japan, but also to have the ability to engage actively in Southeast Asia as a whole," he said.

Singapore is playing a key role in facilitating an enhanced U.S. military presence in Southeast Asia.

When the Carl Vinson, which displaces nearly 95,000 tons and carries some 5,000 sailors and 80 aircraft, arrives in the island-state Monday to join some of its escorts, which began arriving Wednesday, it will have to anchor in the harbor because it is too big to berth alongside any existing military pier.

But under a formal memorandum of understanding signed last month, Singapore offered the United States use of piers in a new naval base now under construction. When completed in 2000, it will be able to accommodate aircraft carriers and other very large naval ships.

"We are building these berths at the Changi Naval Base, even though we do not need them ourselves," Singapore's defense minister, Tony Tan, said after signing the accord in Washington with his U.S. counterpart, William Cohen.

The U.S. has indicated that it would be useful for the U.S. Navy, which currently does not have any facilities between Guam, Japan and the Middle East where aircraft carriers and other deep-draft vessels can berth alongside for maintenance and logistics support," Mr. Tan said.

Singapore gave the United States access to its naval and air bases in 1990 as nationalist pressures built up in the Philip-

ippines that forced Washington to abandon American bases there in 1992.

Since then, as other countries in Southeast Asia — including Thailand, Brunei, Indonesia, Malaysia and most recently the Philippines — have agreed to allow the U.S. military greater access to their ports, airfields, repair facilities and training grounds, the American military presence in Singapore has increased substantially.

For example, the U.S. Air Force sends fighter detachments to Singapore six times a year, for about a month at a time, while the U.S. Navy uses Singapore as a hub for ships it sends to Southeast Asia for three months of the year to exercise with regional navies.

Mr. Tan said there was a greater appreciation in Southeast Asia that, "with

the crisis which all the countries are now facing, the need for security in the region is even more vital, in order to help economic recovery to progress."

But an Indonesian defense official said after agreeing to any expanded security arrangement with the United States, his country would have to be satisfied that there were no unacceptable conditions attached. Malaysia is expected to take a similar position, analysts said.

In its latest East Asian Strategy Report, issued last month, the Pentagon said that "in coming years, the U.S. will examine new modes of sustaining and supporting" its military presence in the region.

"Continued development of support — outside the traditional basing structure — in such nations as Australia,

Indonesia, Thailand, Malaysia, Brunei, Singapore and the Philippines will enhance U.S. strategic interests in maintaining regional stability and a credible power projection capability in the region and beyond, including to the Arabian Gulf when necessary," the report said.

Regional cooperation might "also increasingly encompass use of common facilities, as well as reciprocal military provision of supplies, services and logistical support," the report added.

In countries where the United States has bases or conducted regular training and exercises, the conclusion of Acquisition and Cross-Servicing Agreements would "not only provide for such assistance but also offer material and symbolic evidence of regional support for the U.S. presence in general," it said.

BOSNIA: Serb General Is Arrested Over Massacre in Srebrenica

Continued from Page 1

In Bosnia, Lieutenant Commander Glenn Chamberlain, a spokesman for the Stabilization Force, told Reuters that U.S. troops had arrested General Krstic and his driver "without incident" in northeast Bosnia near the town of Bijeljina.

A continuing source of frustration for judges and prosecutors at the tribunal has been the reluctance of Western military powers in Bosnia to inflame local animosities by arresting some former combatants, as has the refusal of President Slobodan Milosevic of Yugoslavia to cooperate with the tribunal, in violation of the Dayton Peace Accords of 1995 and other agreements.

In the indictment of General Krstic, the tribunal prosecution charges that he

was responsible for genocide in the latter half of 1995 when the Bosnian Serb Army's Drina corps, which he commanded, overran the Muslim enclave of Srebrenica, supposedly under United Nations protection.

The Dutch troops charged with the town's security failed to stop the Bosnian Serb rampage. As many as 8,000 Muslim civilians were driven from Srebrenica into the mountains, fleeing toward the town of Tuzla. Along the way, the indictment charges, they were ambushed and either killed by Serb troops or rounded up for subsequent execution.

The arduous work of exhuming graves during the past two years has uncovered what the tribunal believes is strong evidence of deliberate killings of Muslims, including the discovery of vic-

tims who had been blindfolded and, with their hands tied behind their backs, killed with single bullet wounds to the head.

The exhumations, tribunal source said Wednesday, also revealed systematic burials of victims in an apparent effort to disguise where and how they had died.

In addition to charges of committing genocide, General Krstic faces five counts that distinguish among various kinds of crimes or provide legal redundancy for the charges. Those counts include complicity to commit genocide, extermination, murder and persecution.

General Krstic will join 26 others in a special tribunal jail facility at Scheveningen, near the Dutch capital. A tribunal source said he would make his initial appearance before the tribunal, the equivalent of an arraignment, Monday.

ASIA/PACIFIC

China Defends Seizure Of New Party's Leaders

Dissidents Start Fasts to Protest Crackdown

By Elisabeth Rosenthal
New York Times Service

BEIJING — In response to a chorus of criticism from home and abroad, Chinese officials broke their silence Wednesday to defend their arrests this week of a prominent dissident who was trying to form an opposition political party.

"Xu Wenli is suspected of involvement in activities damaging to national security and has violated relevant criminal codes of the People's Republic of China," said the Foreign Ministry, which had declined Tuesday to comment on the arrest.

The sudden arrest Monday night of Mr. Xu, as well as several other activists involved with him in trying to form the China Democratic Party, sparked strong protests from other dissidents, human rights groups and the U.S. government. "We view his detention for peacefully exercising fundamental freedoms guaranteed by international human rights instruments as a serious step in the wrong direction," said the State Department spokesman, James Rubin, in Washington the day after the arrest. U.S. officials in Beijing urged the government to release Mr. Xu and also asked for clarification on the exact name of his crime.

With great fanfare, China signed the International Covenant of Civil and Political Rights last month, and Mr. Xu's arrest is seen by human rights groups as a test of its commitment to the tenets of the treaty.

Dissidents inside and outside China rose to Mr. Xu's defense, with more than a dozen around China announcing that they would begin fasts or hunger strikes in support of Mr. Xu and another China Democratic Party leader, Qin Yongmin, who was arrested in his Wuhan home Monday.

Almost 200 dissidents signed a letter to the Chinese government protesting the detentions, according to the Information Center for Human Rights and Democratic Movement in Hong Kong.

Three other Democratic Party organizers were also detained Monday, although two of them were released early Wednesday.

But the two more prominent veteran dissidents, Mr. Xu and Mr. Qin, likely face a much longer haul, as they have been charged with "criminal acts."

Mr. Xu's wife, He Xintong, said late Wednesday that she had still not been told the specific charge filed against her husband, although she surmised from

the aggressive behavior of the arresting officers that the sentence "could be long."

Mr. Qin's family was told that he is charged with "plotting to subvert the government," a crime that for serious offenses results in prison sentences ranging from three years to life.

In the Chinese Criminal Code, this charge comes under a grab bag section called "disrupting state security," which makes almost any political activity that questions or hampers the authority of the Communist Party illegal, from "violent or nonviolent activities aimed at overthrowing government authorities" to "activities designed to change the basic nature of the state."

The detentions of Mr. Xu and Mr. Qin almost certainly stem from their efforts to gain recognition for the China Democratic Party, a loose network of pro-democracy activists in more than a dozen cities that was formed this year.

In the past six months the two dissidents became increasingly aggressive and defiant in their attempts to register the party with government, submitting repeated applications even after local authorities had declared the concept of an opposition party illegal. They argued that the Chinese Constitution does not specifically forbid the formation of political parties, although no parties have been formed since the founding of the People's Republic of China in 1949.

In fact, the bylaws of the China Democratic Party are fairly tame, careful to acknowledge the central role of the Communist Party, but also supporting free speech and free elections for public officials.

"My husband thought the time was right to begin working to form a new party, since China recently signed the covenant on human rights," Miss He said.

In September, some Democratic Party members got slightly encouraging signals from local governments, which initially accepted their applications to form a social organization to develop a party.

But in recent weeks, as the organizers like Mr. Xu have become more insistent and defiant, harassment by the police has been escalating.

"All this past week we felt something was going to happen," Miss He said. "It seemed that anyone who came to visit us was later detained for a while. And there have been a lot more cars from the Public Security Bureau parked outside than is usual."

Mr. Xu, who was arrested in his Wuhan home Monday, was reportedly held in



TAIPEI CONTENDER — Ma Ying-jeou rallying supporters Wednesday in his drive to unseat the Democratic Progressive mayor, Chen Shui-bian, in elections Saturday. The Kuomintang candidate has played down his mainland roots, saying, "I am a new Taiwanese."

Anwar's Driver Backs Charge

Reuters

KUALA LUMPUR — The driver of former Deputy Prime Minister Anwar Ibrahim said Wednesday that he stood by allegations he made last year accusing Mr. Anwar of committing homosexual acts with him against his will.

The former driver, Azizan Abu Bakar, testifying in Mr. Anwar's trial on charges of corruption and sodomy, told the High Court that he stood by a written statement that he had repeatedly been "a victim of homosexual acts by Anwar Ibrahim" in 1992.

His statement, in a letter dated Aug. 5, 1997, was forwarded to Prime Minister Mahathir bin Mohamad before Mr. Anwar's dismissal and arrest.

The court is examining four charges that Mr. Anwar had used his authority to force the police to obtain a retraction

from the driver. Mr. Anwar has pleaded not guilty and asserted that Mr. Azizan and another accuser were part of a plot to destroy his political career.

In another development, the trial judge, Augustine Paul, canceled a warrant to arrest a lawyer after he apologized over allegations that prosecutors had tried to fabricate accusations. The lawyer, Manjeet Singh Dhillion, said he was sorry that a statement in which he made the allegations had been submitted to the court by one of Mr. Anwar's lawyers.

Mr. Manjeet's statutory declaration had been submitted along with an affidavit in which Mr. Anwar asked that two prosecutors be discharged because Mr. Manjeet had said they offered to reduce charges against a client in a separate case if he testified that Mr. Anwar had committed sex crimes with women.

North Koreans Are Said To Ready Missile Launch

The Associated Press

TOKYO — U.S. spy satellites have detected preparations by North Korea to launch another missile and Washington has warned Tokyo, a Japanese newspaper reported Wednesday.

The North Koreans have been moving parts of their new Taepo Dong missile from storage to the launch pad since about Nov. 20, the newspaper Yomiuri reported, citing Japanese government sources that received word from the United States.

Japan is worried the North is likely to launch another missile this month, it said.

Hiromu Nonaka, the government spokesman, acknowledged Wednesday that Tokyo was aware of "some kind of movement" in North Korea. He would not elaborate.

Prime Minister Keizo Obuchi confirmed that Japan had received infor-

mation about a North Korean launch in the works, but the Kyodo press agency quoted him as saying, "I have not heard that it has been confirmed."

The Defense Agency would not comment on the Yomiuri report.

The Japanese were unnerved by the firing of a rocket by North Korea on Aug. 31. It flew over Japan and landed in the Pacific Ocean.

Japan has a peaceful rocket program but no spy satellite of its own and must rely on the United States for information about North Korean missile activity.

A joint missile defense system with the United States has been proposed, and Japan approved a plan to put four spy satellites into orbit by 2002.

North Korea, which says it put a satellite in orbit with the August firing, has denounced Japan's spy satellite plan, calling it a "dangerous military action."

BRIEFLY

Indonesian Students Petition for Reforms

JAKARTA — Ignoring an appeal by President B.J. Habibie to stay off the streets, about 1,000 students marched on the Presidential Palace on Wednesday to present a petition demanding democratic reforms.

Brushing aside about 300 soldiers and riot police, the students approached the front gates during a three-hour demonstration that remained peaceful. The authorities later admitted 17 student delegates who met with a senior military aide to the president and the cabinet vice-secretary.

Earlier Wednesday, Mr. Habibie appealed to the students to seek change through constitutional means. (NYT)

Australia Tax Workers Warned About Bombs

CANBERRA — The police on Wednesday warned all 17,000 Australian tax workers to beware of letter bombs after one exploded in a post office, slightly injuring a clerk, and 21 others were found by postal workers.

The tax commissioner, Michael Carmody, said he was taking steps to ensure the safety of agency employees after letter bombs were found addressed to the homes of 23 staff members. Mr. Carmody declined to say whether he was one of the tax officials targeted.

Another letter bomb was found Tuesday in Sydney and detonated by a bomb squad, and some 1 million items in the Canberra Mail Center were being examined after the blast. (AP)

First Joint Exercise For U.S. and China

HONG KONG — The Chinese military joined U.S. forces for the first time Wednesday in a search and rescue exercise. U.S. and Hong Kong officials said.

Boats from the Hong Kong garrison of the People's Liberation Army joined 220 U.S. Air Force and Coast Guard personnel off Lantau Island, near Hong Kong, the Civil Aviation Department said in a statement.

Officials from the U.S. Consulate said both the United States and China had been invited by Hong Kong in "a humanitarian effort to create a climate of working together." (AP)

Philippines Declines To Release Fishermen

MANILA — The Philippines on Wednesday rejected Beijing's demand for the immediate release of 20 Chinese fishermen seized near a disputed reef in the South China Sea, saying it would pursue illegal fishing charges against them.

On Tuesday, China had demanded their immediate release. (Reuters)

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EUROPE

U.S. to Release Some Pinochet Files

Decision Could Open 'Can of Worms' Regarding Its Role in Chile

By Tim Weiner
New York Times Service

WASHINGTON — Treading into a political and diplomatic confrontation it tried to avoid, the United States has decided to declassify some secret government documents on the killing and torture conducted by the former Chilean dictator, Augusto Pinochet, whose predecessor was the target of American coup plots.

General Pinochet took power in a 1973 coup against President Salvador Allende.

The decision to release such documents is the first sign that the United States will cooperate in the case against General Pinochet.

Administration officials said they believed the benefits of openness in human rights cases outweighed the risks to national security.

But the decision could open a can of worms, in the words of a former CIA official stationed in Chile, exposing the depth of the knowledge that the United States had about the crimes of the Pinochet government.

The CIA worked closely with Chile's secret police in the 1970s, at the time of the regime's worst human rights abuses, which included more than 3,000 killings.

General Pinochet, 83 years old and a senator for life in Chile, ruled from 1973 to 1990.

He stepped down as commander in chief of the Chilean armed forces earlier this year. He was detained in London on a Spanish court's warrant in October.

A court wants to try him for human rights abuses in the deaths of Spanish and other citizens. Last week, Britain's highest court denied him the immunity

he had claimed as a former head of state.

The case has stirred uneasiness in American diplomatic and intelligence circles. While some European government officials have supported bringing the former dictator to court, U.S. officials have largely stayed silent, reflecting skepticism about the Spanish court's power, doubts about international tribunals aimed at former foreign rulers, and worries over the implications for American leaders who might someday also be accused in foreign countries.

President Richard Nixon and Henry Kissinger, who served as his national security adviser and secretary of state, supported a rightist coup in Chile in the early 1970s, previously declassified documents show.

But many of the actions of the United States during the 1973 coup, and much of what American leaders and intelligence services did in liaison with the Pinochet government after it seized power, remain under the seal of national security.

According to Justice Department records, the files contain a history of human rights abuses and international terrorism:

■ In 1975, State Department diplomats in Chile protested the Pinochet regime's record of killing and torture, filing dissents to American foreign policy with their superiors in Washington.

■ The CIA has files on assassinations by the regime and the Chilean secret police. The intelligence agency also has records on Chile's attempts to establish an international rightist cover-action squad.

■ The presidential library of Gerald

Ford contains many of Mr. Kissinger's secret files on Chile, which have never been made public. Through a secretary, Mr. Kissinger declined a request for an interview on Tuesday.

The Spanish court asked the Justice Department to review and release the documents under a legal-assistance treaty between the United States and Spain.

"It's a start," said Reed Brody, advocacy director for Human Rights Watch in New York. "The proof will be what documents we finally get, how useful they are, and how long it takes to get them."

He added: "This should not be a pretext for not having a policy on the need to bring Pinochet to justice for the thousands of murders and disappearances committed during his rule. The United States' silence on that question is being interpreted all over the world as passive support for impunity."

U.S. citizens were also killed by General Pinochet's forces, among them Roenn Moffit, a 25-year-old researcher blown up by a car bomb a mile from the White House in 1976, along with a former Chilean foreign minister, Orlando Letelier, and Charles Horman, a 31-year-old filmmaker, writer and human-rights activist murdered during the 1973 coup.

■ U.S. Has 'No Fear,' Cohen Says

Washington has "no fear" about General Pinochet's possible trial in Spain on genocide charges, the U.S. defense secretary, William Cohen, said in Cartagena, Colombia, on Wednesday. Reuters reported.

"The United States has no fear or no apprehension about any information pertaining to Mr. Pinochet," he said.

Talks with the next set of EU can-

BRIEFLY

British Lord Forced to Quit

LONDON — The Conservative leader of the House of Lords, Viscount Cranbourne, was forced to resign Wednesday by his party chief after striking a deal with Prime Minister Tony Blair over the reform of the upper chamber.

Mr. Cranbourne was sacked by William Hague, who earlier rejected Mr. Blair's offer to keep 91 hereditary seats in the upper house withdrew threats to sabotage his legislative program, a spokesman for the opposition Conservatives said. Mr. Hague denounced the plan, saying it was made in exchange for his party's "acquiescence" to the rest of the government's "ill thought-out" legislative plans. (AP)

Paris Museum Rejects Claim

PARIS — A Paris museum accused of holding art stolen by the Nazis said Wednesday that it was the rightful owner of a Georges Braque painting claimed by the heirs of a Jewish art collector.

Jean-Jacques Allagon, head of the Georges Pompidou Center, said his museum had bought the 1914 cubist work "The Guitar Player" in 1981 from a Swiss dealer who had

obtained it legally on the art market. "We can only consider ourselves owners in good faith," Mr. Allagon said. He said that he had not seen details of an ownership suit filed by descendants of the French art collector Alphonse Kann. (Reuters)

Greece Seeks U.S. Destroyers

WASHINGTON — Greece has asked the United States to sell it four surplus Kidd Class guided-missile destroyers and associated weapons for an estimated \$742 million, the Pentagon said.

The sale, if approved by Congress, would be the latest in a series of U.S. military sales to both Greece and Turkey despite continuing tensions between Athens and Ankara over the disputed island of Cyprus. (Reuters)

For the Record

One of hundreds of Russian teachers who had maintained a 10-day hunger strike over unpaid wages in a city on the Volga River has died following a heart attack, the director of his school said Wednesday. (Reuters)

Bonn Ties EU Expansion to Budget Reform

Reuters

BONN — Foreign Minister Joschka Fischer said Wednesday that allowing new members into the European Union would be impossible without a wide-ranging reform of EU finances, including a cut in German contributions.

"If there isn't a reform, then tell me how expansion is supposed to work if we have to keep on shouldering more than our share of the burden," he told Parliament.

Germany, by far the largest net contributor of EU funds, has long lobbied for a reform of the bloc's finances.

Talks with the next set of EU can-

didates — Poland, the Czech Republic, Hungary, Slovenia, Estonia and Cyprus — started last month, but the new German government has already sounded cautious notes over the process.

Mr. Fischer said that the EU now needed to impose "spending limits worthy of the name," citing agricultural policy as a major target for cutbacks.

In Brussels, Spain and the European Commission sought Wednesday to put a lid on a dispute between Madrid and the EU's richer members over the budget.

Germany, Austria, the Netherlands and Sweden, which all pay more into the central coffers than they get out, insist a

right rein must be kept on the budget, which is due to rise to 85 billion Ecu (\$100.4 billion) in 1999.

Together with Britain, France, Denmark and Finland, they want to freeze annual EU spending at this level until 2007, which would reduce the money available to help the bloc's poorer southern countries, including Spain, catch up with their northern neighbors.

The Spanish prime minister, Jose Maria Aznar, and the commission president, Jacques Santer, both insisted there were no formal plans for freezing EU spending or radically overhauling the way the EU shares out its cash.

INTERNATIONAL

Iraq Begins to Respond To UN Arms Questions

But Little New in Details, Inspectors Say

By Barbara Crossette
New York Times Service

Council, not to the UN bureaucracy.

UNITED NATIONS, New York — In a flurry of letters, Iraq has begun answering in considerable detail some of the questions posed by arms inspectors over the last year.

But officials of the UN Special Commission, which is in charge of disarming Iraq, said they have found little new in the responses.

The letters, released Tuesday, were apparently part of an effort to demonstrate cooperation as the chief weapons inspector, Richard Butler, was leaving for talks with the French and Russian governments, which are Iraq's strongest supporters in the Security Council.

The one positive note, officials said, was an Iraqi request for technical teams to help examine sites where a variety of weapons had been reported destroyed or jettisoned by the Iraqis. Those weapons include shells of mustard gas and missile warheads.

Mr. Butler said he had reached with satisfaction to the requests but recalled in a letter to Deputy Prime Minister Tariq Aziz that he proposed the work in June and was prepared to begin in August, when Iraq stopped inspections of new sites.

Officials of the commission, known as Uncom, say Mr. Aziz has stopped replying directly to Mr. Butler since Iraq stepped up its campaign to have him removed and replaced by a UN official. Mr. Butler is an independent expert on arms control who was the Australian representative at the United Nations before becoming executive chairman of the inspection agency, which reports directly to the Security



An Iraqi officer showing where tanks were hit by U.S. artillery during the Gulf War. He was taking part in a conference Wednesday in Baghdad on the impact of depleted uranium in the U.S. rounds.

On Tuesday, the government-controlled Iraqi newspapers published a letter from Foreign Minister Mohammed Said Sahaf to the Security Council that asked for a meeting on "acts of aggression against Iraq and its sovereignty and territorial integrity."

An Arab diplomat, Jassim Mohammed Bauday, the representative of Bahrain on the Security Council, takes over the rotating presidency of the council from the United States on Tuesday. Other diplomats are watching to see whether Iraq will be able to muster additional support, or more of a hearing, with someone from the Gulf at the helm.

Although Bahrain, where the special commission maintains its regional base, has supported the United States on Iraq, it is the only

Arab country on the Security Council, and it will be expected to reflect the views of other Arab nations, as well as its own.

■ Butler Confers in Paris

Mr. Butler held talks Wednesday with senior French diplomats on the verification of disarmament in Iraq. Reuters reported from Paris.

French officials said Mr. Butler, who was due to leave for Moscow on Thursday, met officials at the Foreign Ministry, including the ministry's secretary-general, Loic Hennekinne.

France and Russia are the two permanent members of the Security Council that have been most critical of the work of Uncom.

Mr. Butler's spokesman, Ewen Buchanan, has said the visits to Paris

and Moscow were being undertaken at the request of the two governments, both of which are more sympathetic to easing the eight-year-old economic sanctions against Iraq than the United States and Britain.

Mr. Butler was traveling with his political advisers: Eric Fournier of France, Nikita Zhukov of Russia and Gustavo Zauvinen of Argentina.

Iraq, which accuses Mr. Butler of deliberately prolonging the sanctions, broke cooperation with Uncom in the end of October but agreed to resume two weeks later under threat of U.S. and British air strikes.

Mr. Butler has to report to the Security Council whether Iraq has assumed full cooperation before the council can begin a review of its compliance with UN resolutions.

Implants Fairly Safe, Science Panel Finds

By Gina Kolata
New York Times Service

NEW YORK — A panel of four scientists appointed by a federal court has concluded that scientific evidence has so far failed to show that silicone breast implants cause disease.

The scientists said some of the research they reviewed was flawed, and that as a result they could not absolutely rule out the possibility that a link between implants and disease might one day be established. But they said that was unlikely.

Judge Sam Pointer Jr. of the U.S. District Court in Birmingham, Alabama, who oversees breast implant lawsuits in the federal courts, appointed the panel two years ago to provide expert testimony independent of either side in the litigation.

The panel's report was filed Tuesday (it is available on a Web site: <http://www.fjc.gov/BREMLIT/mdl926.htm>).

Now the four scientists will give depositions under oath about their findings, and their testimony will be videotaped for use in federal courts where breast implant cases have been filed.

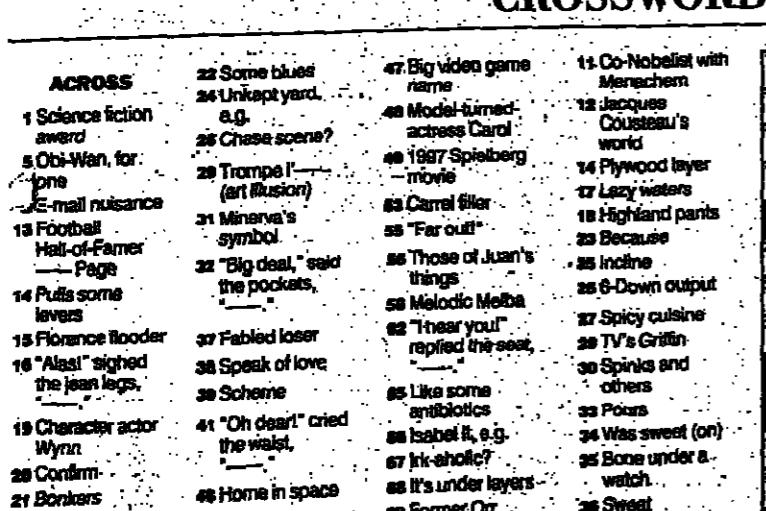
Implant manufacturers who are defending the suits were delighted with the report's findings.

John McGoldrick, a senior vice president and general counsel at the Bristol-Myers Squibb Company, which has 6,000 cases pending against it, called the report "very strong" and said it would have "significant impact."

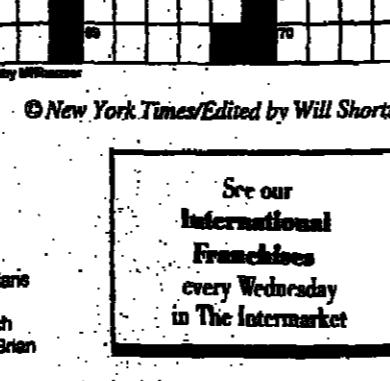
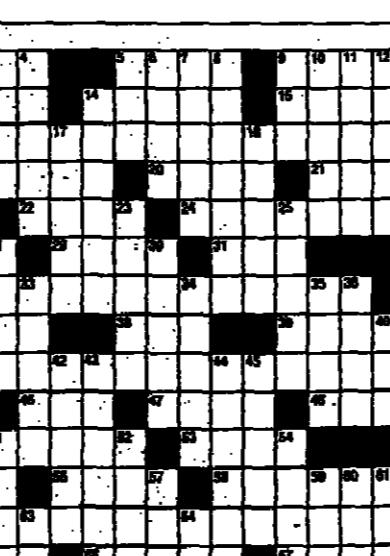
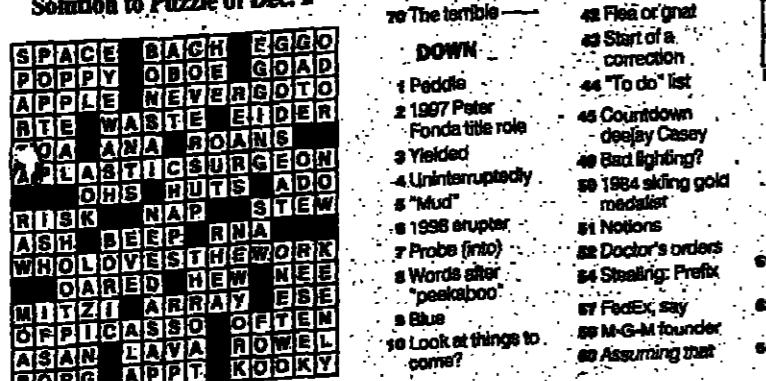
Mr. McGoldrick, a senior vice president and general counsel at the Bristol-Myers Squibb Company, which has 6,000 cases pending against it, called the report "very strong" and said it would have "significant impact."

The biggest study yet on the issue of implants is still under way. That study, involving 13,500 women and directed by Dr. Louise Brinton of the National Cancer Institute, will be published early next year.

CROSSWORD



Solution to Puzzle of Dec. 2



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Study Supports 'Super Aspirins' for Arthritis

By Justin Gillis
Washington Post Service

WASHINGTON — A panel of experts has recommended that the U.S. Food and Drug Administration approve a new drug for people suffering from arthritis, the first of a long-awaited class of "super aspirins" that may be useful for many kinds of pain and inflammation.

The committee recommended that the drug, celecoxib, be approved for sale by prescription for the treatment of osteoarthritis and rheumatoid arthritis.

But the committee tempered its recommendation by urging that the drug carry some of the same warnings about potential side effects as older inflammatory drugs, including the possibility of damage to the lining of the stomach and small intestine. And the panel declined to endorse use of the drug for acute pain of the sort that follows having a tooth pulled.

The FDA is not required to follow the recommendations of its advisory panels, but usually does.

The drug would be sold under the brand name Celebrex, according to officials at G.D. Searle & Co., a Monsanto Co. subsidiary that developed the drug.

Similar compounds are under development around the world. Celebrex targets an enzyme called

cyclooxygenase, or COX, which is present in many types of inflammations. So older drugs like aspirin, ibuprofen and various prescription products. But in recent years scientists have realized that COX is found in the body in two slightly different forms, dubbed COX-1 and COX-2.

Their precise roles are still being studied, but the evidence suggests that COX-1 is more involved in the body's

"housekeeping" functions, such as protecting the lining of the digestive tract, while COX-2 is more involved in the pain and inflammation associated with such ailments as arthritis.

Older anti-inflammatory drugs work by reducing both forms of COX. Companies are rushing to bring to market highly selective "COX-2 inhibitors" like Celebrex, on the theory that they will be safer.

TOMORROW'S
ESCAPE

TribTech

In Intelligence, It's Now Smart to Be On-Line

Top-Secret U.S. Network Puts the Latest Satellite Pictures From Suspect Sites Within Immediate Reach



Mr. Martin tells how the network called Intelink has revolutionized the dissemination of U.S. intelligence.

By Vernon Loeb
Washington Post Service

WASHINGTON — Four years ago, the U.S. intelligence community started to realize that "information superiority" in the Internet age called for more than glossy documents fanned around town in highly secure vans.

The need for intelligence in real time was becoming more acute with each passing conflict, having been publicly flagged after the Gulf War by none other than General Norman Schwarzkopf, who loudly complained that the intelligence community had failed to put satellite imagery into his hands fast enough.

Today, the latest satellite photos of terrorist camps and Iraqi tank formations are but a click away. Imagery, communications intercepts and all manner of intelligence reports move in seconds across an intelligence community intranet called Intelink, a top-secret, super-secure network that has revolutionized the dissemination of U.S. intelligence and become a potent, searchable analytic tool for analysts and military officers all over the world.

Fredrick Thomas Martin, a former National Security Agency official, tells how all this happened in a new book called "Top Secret Intranet," describing a journey through cyberspace in which the 13 U.S. intelligence agencies have gone from zealously guarding their own secrets to sharing many of them over what the book calls "the world's largest, most secure network."

"Intelink," writes Mr. Martin, "has become an information service that is critical to the intelligence mission of this nation."

Switched on in late 1994, the network is now used regularly by 50,000 analysts, operators, military officers and policymakers with top-secret security clearances at 100 sites. They can click on the latest satellite

imagery from the National Imagery and Mapping Agency, search the network for communications intercepts from the National Security Agency and chat electronically with analysts of various stripes about the latest terrorist threats and military maneuvers.

What makes the network's creation all the more remarkable, in a procurement culture known for the \$600 toilet seat and the \$7,600 coffee pot, according to Mr. Martin, is the boldness of computer mavens who started it decided to use only commercially available software pioneered on the Internet and the World Wide Web. Intelink now runs with a Netscape browser and a variety of commercial search engines, including AltaVista. The searchable universe consists of 440,000 electronic pages, which would make it a very large site by commercial standards. By contrast, washingtontimes.com has 241,000 pages.

For the highly secretive intelligence community, talking the talk of Web technology proved easier, in some respects, than walking the walk. The power of Web-based data searchable across a vast network forced it to re-examine — and ultimately waive — its "need-to-know" doctrine for disseminating intelligence, which has for years kept information tightly compartmentalized and shared only with those who need to know and use it.

"As one can imagine, there were many pockets of resistance — people who were adamantly opposed to waiving or even relaxing the 'need-to-know' principle," Mr. Martin writes. "But, interestingly, once the success of Intelink had been established, there was no turning back, and very little talk about turning back."

Mr. Martin describes the network as impenetrable to attack by hackers because it runs on dedicated Defense Department networks that have no link to the Internet. This "air gap" is the first line of defense.

The second is this: To open an Intelink account with the network's 24-hour operations center housed at the National Security Agency's Fort Meade headquarters and obtain a password, a would-be user must first have obtained a top secret security clearance.

Also, Intelink terminals are located only inside top-secret government facilities, and even if a hacker somehow managed to tap into a secure Pentagon phone line and intercepted raw data moving over that line, Mr. Martin says, he would still have to defeat an encryption algorithm the National Security Agency is confident cannot be broken.

STILL, INTELLIGENCE officials such as John Dahms of the CIA, recently appointed the intelligence community's first chief information officer, remain obsessed with security. They are worried not so much about hacker threats from the outside but the potential for penetration from within. A Capitol Hill analyst who monitors intelligence recently called Intelink a "revolution in a positive and negative sense."

The analyst said, "From a counterintelligence point of view, it's as frightening as anything you could imagine," pointing out that a traitor such as Aldrich Ames of the CIA, if given access to Intelink, could download secrets that might not otherwise have been available to him. But even if that were to happen, Mr. Dahms said in a recent interview, it is doubtful that a traitor could use Intelink to obtain information about ongoing intelligence operations and the names of foreign intelligence assets. That kind of information, which Mr. Ames sold to the KGB in the mid-1980s, is not put up on the network, Mr. Dahms said.

All 13 intelligence agencies, Mr. Dahms said, maintain their own internal intranets separated by firewalls from Intelink. Raw, working data about sources and operations

stay inside the firewall, he said, leaving Intelink largely for "finished" intelligence.

"Some people see that as withholding information — begrudgingly putting out the more generic, vanilla intelligence," Mr. Dahms said. "CIA especially falls within that criticism, because so much of our intelligence comes from very sensitive sources. And we're just not about to put it out for 400,000 people to browse."

Given its security obsession, Mr. Dahms said the intelligence community was working on software to reinstate "need-to-know" compartmentalization on the network, building certain electronic pages that require their own digital identifications for a user to gain access. But security concerns have failed to keep network use from growing rapidly.

In 1994, several months after Steven Schanzer, an information systems official at the Defense Intelligence Agency, first sold the CIA director at the time, R. James Woolsey, on his vision of a CompuServe kind of environment for the intelligence community, in 1994, the network went on-line with a handful of users. No one was ordered to participate, and no one was told what to post.

"The whole concept was the power of the information," Mr. Schanzer, now director of the Defense Security Service, said in an interview. "It grew almost exponentially from Day 1." Five years ago, production of a "finished" intelligence report often involved a flurry of secure faxes among analysts at different agencies, meetings around Washington and mailing lists for 300 or 400 recipients. Paper documents were then delivered by secure truck and airplane, Mr. Dahms said.

With Intelink, he said, documents are posted instantaneously, and analysts at different agencies are starting to produce intelligence reports collaboratively over the network.

ALT / Commentary

Getting Organized: Just a Click Away

By Margot Williams
Washington Post Service

WASHINGTON — It's no coincidence that the approaching new year brings thoughts of reorganizing our lives. The shopping aisles are filled with calendars, planners and palmtop digital assistants, all fresh and bright. Once again, we're filled with hope that if we can just find the right kind of organizer, the year will get off to a good start.

Maybe you'll find the calendar or scheduler of your dreams on the Internet.

At more than a half-dozen password-protected on-line sites, you can set up, access and update many individual and group calendars, at any time, from any computer connected to the World Wide Web. Presented with familiar choices of daily, weekly or monthly page views, you can schedule one-time or recurring appointments for meetings, events and anniversaries and add preferences from lists of national and religious holidays.

Other features that are offered now or promised soon include scheduled reminders sent to your e-mail account or pager, compatibility with Palm Pilot handheld computers and Microsoft Outlook software, shared calendars for your family or club, and even automatic tracking of your entertainment and shopping interests.

Remind U-Mail (calendaring.upenn.edu) is an easy-to-use basic scheduler that was created by a student on a University of Pennsylvania server. As its name indicates, the free service's most useful feature is a fully functional e-mail alert. For any appointment entered in the calendar, you can write yourself a reminder and schedule its automatic delivery to your e-mail box.

Yahoo Calendar (calendar.yahoo.com) is a handy addition to the portal's expanding communication services; the pages resemble the personal information managers on most handheld computers. You can download and upload your personal schedule in Palm Pilot or Microsoft Outlook formats to synchronize with the calendars on your other gadgets.

But unless you're always on-line and able to keep this calendar synchronized with a palmtop and PC, the Web-based calendar is a lot of work without much reward. Lacking a handheld device, I have to print out the pages on paper and carry them crumpled in my purse or re-enter the appointments in yet another portable appointment book for trips away from my browser.

Besides, I'm still wary about entrusting the details of my daily life to a remote location out in cyberspace. Although I'm willing to believe the Web services' posted commitment to reliability and customer privacy, I also clicked "I accept" for their posted denials of liability for interrupted service, loss of data and anything else that could go wrong on their side. And I'm not ready to trust that my own connection will always work either.

But other Web-based calendars offer features that my off-line planner can't. One of them is Calendars Net (www.calendars.net), a community-minded calendar-hosting site that encourages groups to maintain on-line schedules of their events. Unlike the community calendars that cling magnetically to your refrigerator door, Web-based calendars can reflect sudden changes or program cancellations — no postage or envelope stuffing required. And this nonprofit site is free of advertising.

For something new and different, When.com (www.when.com) offers both custom personal and group calendar formats similar to those on the other services along with a database of event listings that you can track and have added to your own schedule automatically.

The service — just one month old and still in test mode — will rely on commercial sponsorship, targeted banner advertising and a revenue stream from the electronic commerce it hopes to produce. On-line shopping partners include Barnes & Noble Inc. and Music Boulevard. Eventually, users will be able to purchase tickets for a multitude of events now listed in When.com's database.

Currently, When.com lets you track events for U.S. and Canadian metropolitan areas provided by Pollstar's popular music concert and club date listings, and the CultureFinder database of dance, opera, symphony and theater performances.

ESPN SportsTicker provides game schedules and other sporting events. Television listings (with segment descriptions), live multimedia Web events and scheduled Web chats and high-tech trade show schedules are also available.

To track events, you select the type of event and subject or venue. For example, I chose to see new mystery and reference book releases, dance performances in the Washington area and the TV listings for "NYPD Blue" (including late-night reruns) and "Ally McBeal." I also could have asked to see new CD, movie or video releases, horoscopes or weather.

E-mail reminders and palmtop synchronization are not yet available at When.com, but will be coming soon, the company says.

Margot Williams's e-mail address is williams@washpost.com.

SITES

Web calendars include Festival Finder, which lists more than 1,500 music festivals, and TechCalendar, which has technology conferences, seminars and other information and technology events.

www.festivalfinder.com and www.techweb.com/calendar Today's Calendar and Clock Page gives the time, date and year according to just about anyone and anything, including the Muslim Prayer Time calculator and the French Revolutionary calendar.

www.panix.com/~wlinde/calendar.shtml

Real-Time Animation Hits Prime Time Through Computers, Actors Give Cartoon Characters Lifelike Expressions

By Andrea Adelson
New York Times Service

NEW YORK — Traditional cartoon animators who create two-dimensional characters for television now routinely use computer graphics to replicate the hundreds of frames needed to make a character move.

But the creators of a new U.S. show, "Jay Jay the Jet Plane," are using an entirely different method called real-time performance animation in which the facial expressions of as many as seven actors are detected by sensors and read into computers, giving expressive vitality to animated characters.

The so-called digital motion-capture technique has never been used for an entire 24-minute show, according to Bruce Johnson, a former Hanna-Barbera executive who started Porchlight Entertainment in Los Angeles to create children's programming.

"Jay Jay" is a joint venture of Porchlight, Chris Walker's Modern Cartoons and the character's creator, David Michel, a Dallas executive who hopes to convert the airplane stories he made up for his son into a licensing franchise.

Digital motion-capture technology has existed for a decade, but its use has been limited to a single virtual character for video or CD-ROM games and for special effects in feature films, such as the figures who dangled from ropes in "Titanic." Animated films such as "Antz" from DreamWorks SKG and "Toy Story" from Walt Disney Co. get their three-dimensional quality through the costly, time-consuming process of adding realistic lighting and backgrounds by computer.

Motion-capture makes animation more affordable by speeding production and lowering costs; it also improves production values by giving characters the humanistic qualities animators strive



Chris Walker, executive producer of Modern Cartoons, demonstrating a camera system that transfers actors' expressions to cartoon characters.

for, said Joan Collins Carey, a visual-effects producer who is assembling a documentary on computer animation.

"The direction Chris is going is leading the rest of the industry," she said. "This is very good for studios that want to kick out content."

To orchestrate all the "Jay Jay" elements — seven character performers, two walk-on live-action characters, miniature sets and seven model airplanes — meant spending \$1 million during the past year, converting a missile plant in Oxnard, California, into a studio. Proprietary software that synchronizes 160 Compaq Alpha NT computers does the job.

Like a situation comedy, "Jay Jay" uses several cameras that shift the audience's point of view. "We're reshooting 11 minutes of production animation a day," said Douglas Rask, the producer. "It's a volume unheard of in animation."

Modern Cartoons falls short of the

Holy Grail of animation: the simulation of human motion naturally. "Jay Jay" characters rely only on actors' faces; their bodies are airplanes. But Walker thinks the show has achieved a breakthrough. "We've industrialized cartoon production with motion-capture," he said. "I've been working toward this for 12 years."

The show began last month on the Learning Channel, the cable network owned by Discovery Communications Inc. and distributed to 70 million homes. It has licensed 26 episodes for each of three years. The partners hope to turn a profit by selling foreign broadcast rights and merchandising.

In the last four years, Michel has sold 250,000 "Jay Jay" videos that featured some of the same production techniques, mostly using direct-response advertising on two children's cable channels, Viacom Inc.'s Nickelodeon and Time Warner Inc.'s Cartoon Network.

Modern Cartoons' success has been limited by the lack of a good story line. The show's creators are working on a new one, but it's not clear when it will air. The show's success has been limited by the lack of a good story line. The show's creators are working on a new one, but it's not clear when it will air.



Stuart Coddington/HT

BRIEFLY

NAZIS' VICTIMS IMMORTALIZED: A vast project is under way at Yad Vashem, the Holocaust institute in Israel, to build a detailed electronic portrait of European Jewry on the eve of and during the Holocaust. The result would be a computerized database yielding personal information on millions of victims of the Nazis more comprehensive than anything available before.

STAR-QUALITY GRAPHICS: Hedy Lamar has settled a lawsuit that alleged Corel Corp. had misappropriated the Hollywood star's image.

The Canadian company announced the settlement but did not disclose the terms. But the deal grants Corel an exclusive license to use a likeness of Miss Lamar in her youth on the cover of its graphics-software packages.

Miss Lamar, who is now in her 80s, started in the late 1930s through the '40s such films as "Lady of the Tropics," "Ziegfeld Girl" and "Samson and Delilah." She sued in March after Corel used an illustration of her, created using Corel technology, on the packaging of a version of CorelDRAW. The illustration had won a Corel contest. (Reuters)

PALMPilot WITH INTERNET: 3Com Corp. is expected to introduce a version of its PalmPilot handheld computer this week that lets users connect to the Internet with wireless communications.

The company will unveil the product during its Palm Computing Platform Worldwide Developer Conference for software designers, sources said; 3Com is expected to comment.

The PalmPilot, which lets users store data like names and addresses, accounts for more than 70 percent of U.S. sales of handheld computers, with more than 1 million sold this year, according to the market researcher International Data Corp.

HOTMAIL FOR THE MASSES: Microsoft Corp. said worldwide membership in its free Hotmail service had surpassed 30 million, reaffirming its position as the biggest electronic mail service in the world.

The software maker said Hotmail added two-thirds of those members since Microsoft bought the service for an es-

timated \$450 million a year ago to enhance its Microsoft Network on-line hub. Hotmail lets users read and send e-mail from any personal computer with Internet access.

Microsoft has trumpeted Hotmail as a free-e-mail service on Microsoft Network, which is being revamped to compete more directly against America Online Inc. Hotmail has more than twice as many members as AOL, Microsoft said. A large audience allows Microsoft to charge advertisers more money. (Bloomberg)

PHOTOS FOR SALE: Corbis Corp., the photo archive company owned by the Microsoft chairman, Bill Gates, is now selling on-line more than 1,000 photos and 80 digital images that can be licensed for personal use.

Corbis, which has purchased the rights to 25 million pictures since 1989, is selling poster-sized framed prints of the limited selection for \$16 to \$80. Along with posters, books and notecards of Arnold Adams photos, they can be purchased at www.corbisstore.com. (Bloomberg)

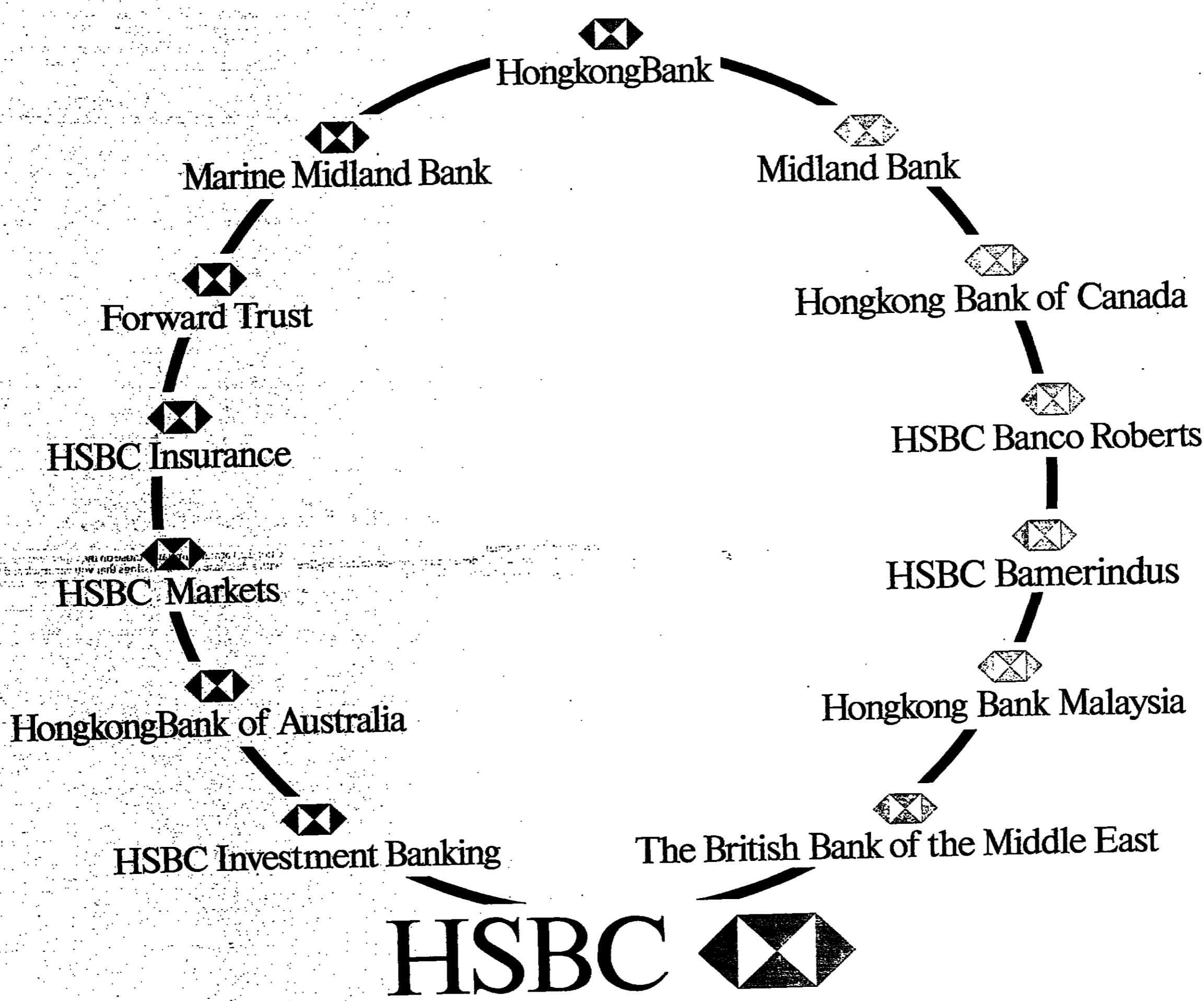
For technology articles from the past week, see TribTech on the IHT's World Wide Web site at <http://www.ith.com>. Articles include:

- Hong Kong Seeks a Place on High-Tech Map, Nov. 26
- Iridium Satellite Phone: Impressive, but With Lags, Nov. 27
- Comptelion Hints Sales at Telecom, Nov. 28
- AOL's Master of Deals: A Low-Key Pioneer, Nov. 29
- With 400 Days Left to Fix the Millennium Bug, It's Crunch Time, Nov. 27
- Telefonica to Invest \$3.8 Billion in Brazil, Nov. 27
- Hitachi Posts Its First Loss, Nov. 27
- Surfing Stormy Internet Seas, Music Pirates, Nov. 30
- Telecom Sector to Open in Spain and Ireland, Dec. 1
- AirTouch Joins Japan Venture, Dec. 2

To read TribTech editions or to comment on IHT Tech coverage, send e-mail to tribtech@ith.com. International Herald Tribune

مكتبة الأصل

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HSBC

OPINION/LETTERS

To Prevent Rights Abuses, Punish the Perpetrators

By Carroll Bogert

NEW YORK — If Britain allows Augusto Pinochet to be extradited to Spain to stand trial for atrocities committed under his 17-year rule, despots elsewhere will take note: If General Pinochet cannot escape the long arm of international law, they might not either.

That would be quite a birthday present to mark the 50 years since the Universal Declaration of Human Rights was adopted on Dec. 10. The world would be likely to see more arrests and, we hope, some actual prosecutions for serious human rights abuses.

Crimes such as genocide and systematic torture have long been matters of "universal jurisdiction," meaning that any state has the power to prosecute them, at least theoretically. But now, some countries are actually willing to do so.

Will this justice be truly universal? Conservative critics have seized on the Pinochet case as evidence that human rights groups have a liberal bias: If General Pinochet, why not Fidel Castro? If you want to prosecute bad guys on the right, how about bad guys on the left?

Our response is: absolutely. Mr. Castro could be guilty of crimes against humanity in his execution of hundreds, if not thousands, of

If General Pinochet cannot escape the long arm of the law, despots elsewhere will take note.

enemies of his Cuban revolution in the early 1960s. But if one measures a leader's evildoing by the number of his victims, he does not rank near the top.

Higher on the list should come Saddam Hussein, who orchestrated the execution of perhaps 100,000 Kurds in 1988. The rule of Idi Amin of Uganda resulted in the deaths of perhaps 200,000, but he is living quietly in exile in Saudi Arabia. In the early 1980s, José Efraim Ríos Montt of Guatemala murdered thousands of Indians.

This list goes on, but it does not go on forever. The crimes subject to universal jurisdiction are limited

to the most severe atrocities, including genocide, terrorism and grave war crimes. Other violations, such as censorship or discrimination, may be reprehensible, but they do not carry a legal obligation for other states to get involved.

So could George Bush be prosecuted in a third country for the deaths of Iraqi civilians in the Gulf War? In 1991, a Human Rights Watch investigation found that the Pentagon should have taken greater care to avoid Iraqi civilian targets.

But the deaths of Iraqi civilians do not necessarily constitute a war crime, as defined clearly by the Geneva conventions.

Nevertheless, fears of this type of prosecution have unfortunately led to a nautical American position to the evolving system of international justice, including a treaty establishing a global criminal court — even though that system seeks to uphold the values that the United States has done much to propagate.

President Bill Clinton's administration said Tuesday that it would release some documents on General Pinochet's crimes. But American cooperation on this score has been extremely stingy so far.

Statements have suggested that Chile should be allowed to "wrestle with" justice on its own. But that is absurd: General Pinochet enjoys immunity from prosecution in his home country, and that is highly unlikely to change.

U.S. State Department spokesmen say their "no comments" derive from solemn respect for British law. But Washington's "neutral" stance has been understood as tacit support for the former general in democratic nations that have not hesitated to denounce General Pinochet's crimes.

Some people have suggested that prosecuting General Pinochet would discourage other tyrants from leaving office. Their view is disappointingly short-term.

Looking at it another way: What can we do to prevent human rights abuse before it happens? The most obvious answer must be to ensure that the guilty parties do not get away with it.

Carroll Bogert is the communications director of Human Rights Watch. She contributed this comment to *The New York Times*.

BOOKS

THE TALE OF THE 1002d NIGHT

By Joseph Roth. Translated by Michael Hofmann. 265 pages. \$35.95. St. Martin's Press.

Reviewed by Michiko Kakutani.

THE last novel of Joseph Roth's to be published in Europe and the latest of his works to be translated into English, "The Tale of the 1002d Night" (1939) is a disturbing little fable that begins as an erotic roundelay reminiscent of "La Ronde," mutates into a Chekhovian farce of missed connections and failed epiphanies and ends as a pessimistic parable about deception and cultural decline, reminiscent of the work of Horváth.

Though "The 1002d Night" possesses neither the emotional depth nor the historical resonance of Roth's masterpiece, "The Radetzky March" (1932), it embodies all the themes of his mature fiction, and serves, for readers unfamiliar with his work, as a fitting introduction to his haunting oeuvre.

Born in 1894, to Jewish parents in Galicia, on the eastern frontier of the Habsburg empire, Roth served in the Austria-Hungarian Army during World War I before becoming a journalist, based in Vienna and later Berlin. In 1933, with the rise of the Nazis, Roth fled to Paris, where he started drinking heavily and died in 1939.

Though critics have frequently focused on the apparent schism in Roth's work — between the early, liberal-minded novels, which tended to focus on topical social issues, and his later, more conservative fiction, animated by a nostalgia for the vanished world of the Habsburgs — such arguments underplay the enduring current of loss in the author's writing, his lifelong preoccupation with social change and its fallout on individuals. Indeed, Roth's own

sense of exile and rootlessness reverberates throughout his fiction, endowing his feckless, displaced heroes with a vertiginous sense of their own lives' passing them by.

Certainly this is the case of Baron Tantinger, the aristocratic army officer whose baron's fall is recounted in "The Tale of the 1002d Night." Quite clearly a symbol of the declining fortunes (and values) of the Austrian empire, Tantinger is a superfluous man, clueless about his role in a changing world and carefully indifferent to the plight of others. He is "an enigma of nature," a colleague thinks, a man without qualities, neither exceptionally wicked nor exceptionally stupid — just famously in love with himself.

When the baron tires of the rigors of courting the beauteous Helene, he cavalierly moves on to Helene's look-alike, a silly shop girl named Mizzi, who promptly falls in love with him and bears his son, named Xandi. In the ensuing years, Mizzi will end up going to work in a brothel, while Tantinger continues with his self-absorbed existence, refusing to acknowledge the child, who grows up to become a thoughtless drunk and boozier.

Tantinger's troubles escalate unexpectedly one spring day when the Shah of Persia arrives in Vienna for a visit.

The Shah, in search of romantic solace for his restless heart, spots the beautiful Helene, now married to a count, and demands that she be brought to him for the night. The baron suggests that the perverso countess, torn between "the laws of decency" and "the laws of hospitality," find a double for Helene, a double who turns out, of course, to be Mizzi.

As a token of his affection, the Shah sends Mizzi a lavish set of pearls, and those pearls swiftly set into motion a series of events that will change the lives of nearly everyone involved.

New York Times Service

BRIDGE

By Alan Truscott

THE oldest world championship competition is the Bermuda Bowl, which dates to 1950. A fascinating account of some of the history is provided in a memoir by one of the best American players, John Swanson. It is called "Inside the Bermuda Bowl."

The author includes revelations about the dark side of the game, cheating allegations against leading players, and demonstrates that bridge organizers were timid about taking strong action. Such problems have been greatly diminished since 1975 with the introduction of screens, which prevent players from seeing their partners. Ironically, a major scandal erupted

the first time the screens were used. The organizers had rejected a suggestion to place a

NORTHERN
♦ A 10 9 4 3
♦ 9 2 6 5
♦ K 7 3 2
♦ 4 7 5
WEST EAST
J 9 ♦ Q 8 5
Q 3 7 6 3 V 8 2
10 6 ♦ Q 9 4
4 7 5 ♦ J 10 4 2
SOUTH
K 7 2
V 9 10
4 9 5 ♦ A 5 5
Both sides were vulnerable. The bidding:
North East South West
Pass Pass 1 N.T. Pass
2 V. Pass 2 V. Pass
3 0. Pass 3 0. Pass
4 9. Pass 4 8. Pass
5 0. Pass 5 0. Pass
West led the heart 9.

diagonal block under the table, and two Italians were observed to be foot-tapping.

Swanson played the damaged deal with flair in the 1970 contest to select the United States team. He and his partner bid optimistically to six spades, and he, faced a heart lead. He won in his hand, cashed the king and ace of spades, and played top hearts.

He was surprised to see his right-hand opponent ruff and lead the club queen. He won the club ace, ruffed a club, and thought matters over. The position is shown at right.

The routine play was to finesse the diamond jack, but Swanson knew a lot about West's hand. It still contained three hearts and, in view of the double of five clubs, the club king. That left at most two diamonds. He therefore cashed the diamond king hoping that an honor would appear. When it did not, he had to play West for either the queen or the 10. He guessed right by leading the jack from dummy, pinning the 10 and making a slam which, not surprisingly, was not reached in the replay.

NORTH
♦ 10 6
♦ K 7 3
WEST EAST
J 9 7
10 6
K
SOUTH
7
8 8 5
8 8 5

He therefore cashed the diamond king hoping that an honor would appear. When it did not, he had to play West for either the queen or the 10. He guessed right by leading the jack from dummy, pinning the 10 and making a slam which, not surprisingly, was not reached in the replay.

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5 0. Pass 5 0. Pass
West led the heart 9.



A Contemporary Life and Death

By Alice H. G. Phillips

NEW YORK — I was conceived in Silicon Alley in a bold bid to crack the infant market, then assembled in an offshore production facility in Malaysia.

Disney and PepsiCo were leading investors.

My genetically engineered superstructure, a human knockoff,

MEANWHILE

housed a mail-order IBM-compatible work station, a miniaturized Mercedes-Benz diesel engine and an integrated personal entertainment and waste disposal system. Focus groups failed to distinguish me from a real toddler.

Fed a steady diet of petroleum products, easy credit and nonfat pizza, I expanded like an '80s start-up. When my primary care programmers split off to form their own company, Sony provided child support.

After a fling with an automatic teller, I fell in love with an image from a glossy magazine who was a spin-off of a major motion picture. Her fundamentals were outstanding, but her brand loyalty was always in question.

It turned out she was in bed with a telecommunications consortium that outdid me in fiber-optic capability. They suggested a

bring frozen Danish pastry to developing economies and I put advertising in outer space.

We teleconferenced quarterly with the kids but left it to the home office manager to grow them. He could be counted on to cry "unfair trade practices" when Japan made a cheaper, better copy of Jimmy's science project or China asked Airbus instead of our Suzie to the prom.

But as the years went by, with the continuing financial over-exuberance took its toll. I noticed that my greenfields were thinning

I was conceived in Silicon Alley in a bold bid to crack the infant market, then assembled in an offshore production facility in Malaysia.

market share, but I was looking for an exclusive supplier.

Subsequently I merged with her close associate, an aribusiness conglomerate based in Taipei. We established our two cute little joint ventures in TWA's first-class lounge at Chicago's O'Hare airport, between connecting flights, as she pursued her mission to

and my middle managers were getting slack.

The International Monetary Fund no longer took my wife's phone calls. Our daughter refused to launder her money or cover her infrastructure, and our son borrowed the Nigerian oil industry and forgot to return it.

Our currencies began to weaken; a competitor even started a rumor that we were obsolete. The spin doctor prescribed sweeping downsizing, but decades of junk bond bingeing and chronic weapons stockpiling had led to 90 percent blockage of most of our corridors of power and even some of our executive washrooms.

Unionized cells went out on strike, and nonunionized replacements played computer games on the job. Deeply recessed, we had no choice but to short shrift; some of our analysts suggested there might be opportunities in the next.

After issuing a disappointing final statement, our corporate entity dissolved. Rivals cannibalized our equipment, our lawyers drained us, and the business press buried us.

The bottom line is, we're dead.

Alice H. G. Phillips is a Manhattan writer. She contributed this comment to *The New York Times*.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

Japan's War Record

In response to "Tempest at Tokyo Summit" (Nov. 27):

The claim by Prime Minister Keizo Obuchi's spokesman, Akihiko Saiki, that Japan has "never colonized China" is incorrect. Japan formally colonized Taiwan, which Mr. Obuchi regards as Chinese territory, in 1895. It also invaded China in 1931 to create the puppet state of Manchukuo, recognized only by Japan.

On the same day that Mr. Saiki made his comments, a Tokyo court denied compensation to former prisoners of war whose rights under international treaties were violated by the Japanese Army.

If the Japanese government is still unwilling to acknowledge events that occurred decades ago, it is little wonder it is having trouble acknowledging the major cause of the current economic crisis: a sense of infallibility combined with a lack of transparency.

JOHN MEYER
Taipei.

Gregory Clark suggests that the atrocity committed by the Japanese

were worse than those committed by the Germans in the Soviet Union because the former were indiscriminate while the latter were selective ("Anti-China Sentiment Tips the Balance in Tokyo," Nov. 30).

All wartime atrocities belong in the same category, and none are defensible.

SEISHIRO MIZUNO
Geneva.

Ethnic Tension in Russia

The report on the rise of ethnic tensions in southern Russia ("Russian Conspiracy-Mongers Round Up the Usual Ethnic Scapgoats," Nov. 16) suggests

a realistic international response to Meskhetian issues. The meeting included representatives from Azerbaijan, Georgia and Russia, as well as Meskhetian Turks.

A framework document was agreed upon, and a conference of donor governments is envisioned next year to secure the resources necessary for an international effort to manage the potential crisis.

ARTHUR C. HELTON
New York.

The writer is director of the Open Society Institute.

A Swiss Tightrope

I have failed to find a single article in your newspaper about the "tightrope walking" that the Swiss were forced to perform between the Allies and the Nazis in order to survive as a country and avoid invasion. Had all the other European countries that succumbed to the Germans been as powerfully armed and had as strong a will to survive, Hitler would never have gotten as far as he did.

DONNA ERISMANN-FOOTE
Schönenwerd, Switzerland.

WWW.

PRIME SITES

WWW.

Arts

Media

Real Estate

Automobiles

Industries

Business

Books

Health & Nutrition

Healthcare

Education

Moving

Housing

Import/Export

Petroleum

Energy

Books

Personal Care

Cosmetics

Healthcare

Cosmetics

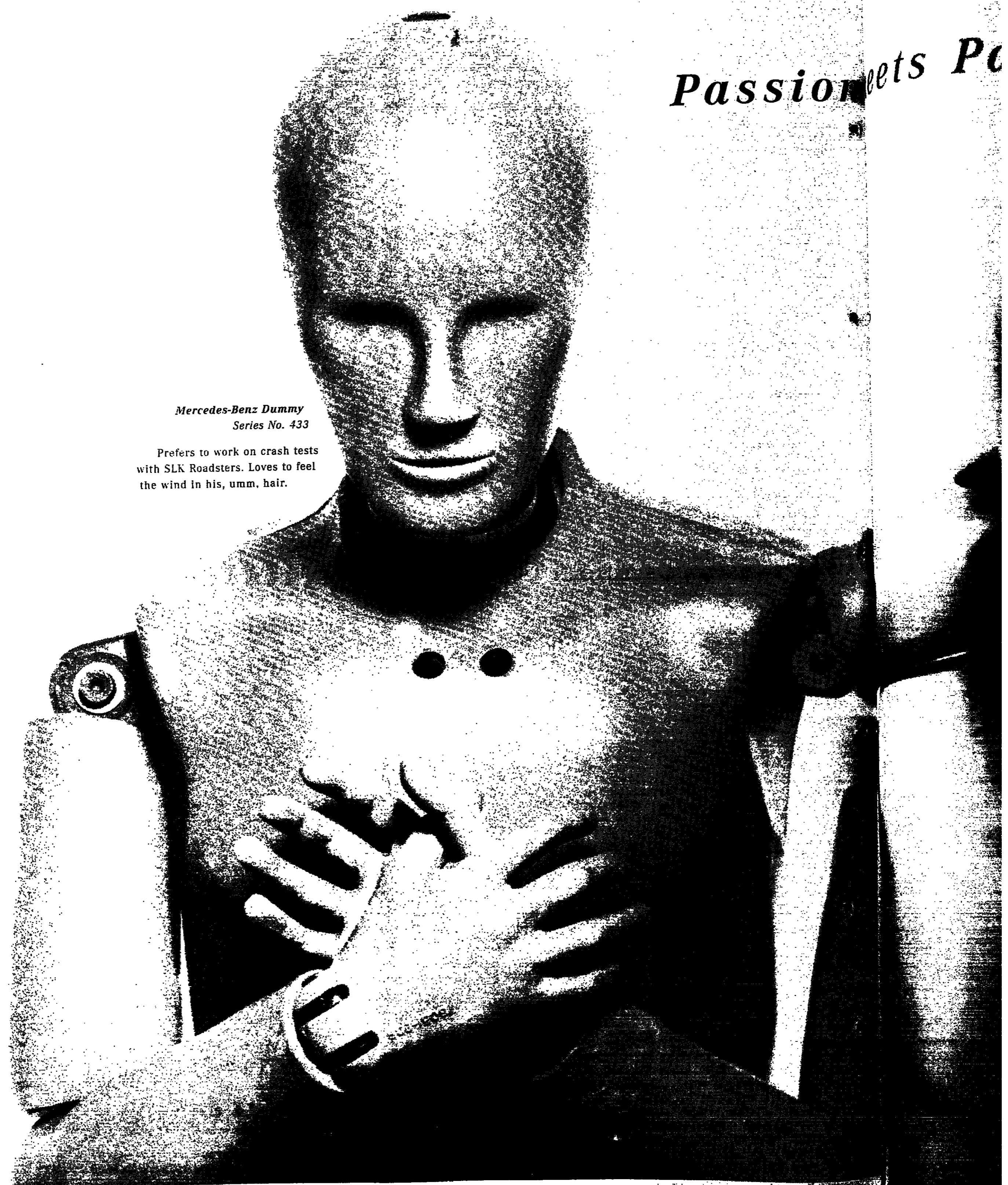
Cosmetics

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Business

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Mercedes-Benz Dummy
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Can you imagine two selfless individuals now taking the short journey into the crash barrier arm in arm? We can. Because the company that was the first to offer many safety features now commonly

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Wednesday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere

The Associated Press

Giant Faces High

Global Deal to Face Reality

Hope's (Defense)

CURRENCY

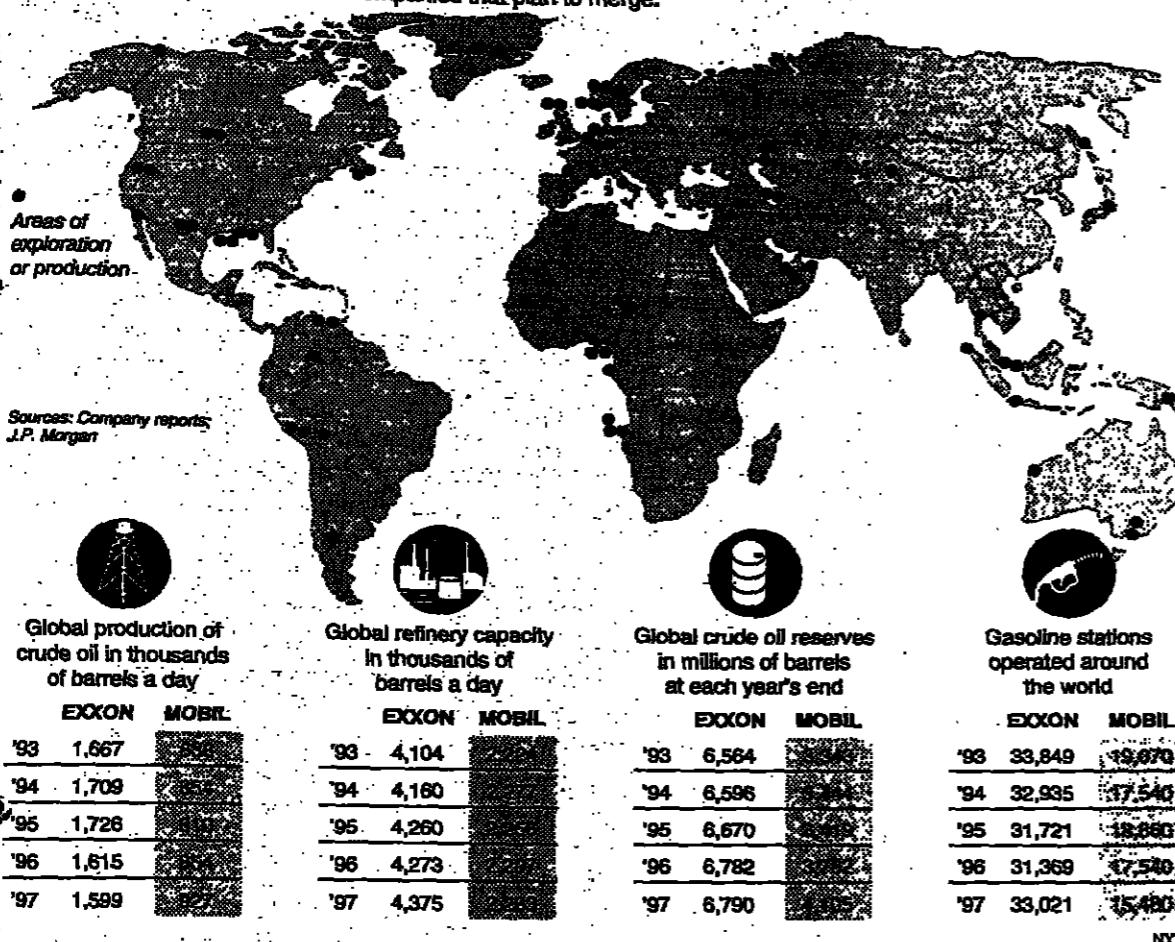
INTERNATIONAL BUSINESS/FINANCE

THURSDAY, DECEMBER 3, 1998

PAGE 13

The New Global Giant

Exxon Mobil would be the world's largest company, with extensive operations in every continent but Antarctica. Below, some facts about the two companies that plan to merge.



Oil Giant Faces High Antitrust Hurdles

Exxon-Mobil Deal to Face Scrutiny at Home, in Europe and in Asia

By Stephen Labaton
New York Times Service

WASHINGTON — Now comes the hard part for Exxon Corp. and Mobil Corp.

The two companies, involved in two of the largest antitrust challenges in American history — first at the beginning of the century with the breakup of the empire of John D. Rockefeller and then 50 years later in the notorious Oil Cartel cases — will once again have to confront antitrust regulators.

While the history of American antitrust law is largely the history of the oil industry, this time the legal examination promises to be particularly thorough, as authorities from a host of U.S. states will join officials in Europe, Japan and Washington to scrutinize every aspect of the proposed combination, from neighborhood gasoline stations and regional refineries to pipelines, tankers, natural gas and oil fields.

"It will undoubtedly be a large, broad and extensive investigation," said Donald Kaplan, a Washington lawyer who led the Justice Department's global antitrust examination of the oil industry in the 1970s and 1980s. "There will literally be hundreds of different antitrust markets they will have to look at. There are not only many products but also a broad geography to cover. This will be difficult and

expensive, and it will produce a lot of paper."

Moreover, with a wave of large and small mergers both pending and completed in recent months, regulators will be under political pressure to make sure that the marketplace does not begin to lose its competitive edge. Already, the Federal Trade Commission and the European Union are studying the proposed \$48.2 billion combination of British Petroleum Co. and Amoco Corp., and Tuesday another big deal was announced when Total SA of France said it would buy Petrofina SA of Belgium in a stock deal valued at \$13 billion.

Still, analysts said the issues were not insurmountable, that the industry had changed in countless ways since it was controlled by Mr. Rockefeller's Standard Oil and that Exxon and Mobil could complete the deal if they were willing to give up some corporate assets.

At a news conference detailing the transaction Tuesday, Lee Raymond, the chairman of Exxon who would lead the combined company, said he would be "absolutely amazed, although pleasantly surprised" if the trade commission did not order the sale of some assets.

Soon afterward, lawyers for the companies met with lawyers from the U.S. agency to begin the inquiry. The

See ANITRUST, Page 14

Europe's (Defensive) Urge to Merge

By Edmund L. Andrews
New York Times Service

STRASBOURG — The idea behind any merger is that it's bigger is better. But the wave of giant mergers in Europe this week reflects something else as well: weakness.

Some of Europe's mightiest enterprises face serious competitive weaknesses. The biggest banks in Germany have lost ground in their own market to Wall Street investment banks, while intense competition has squeezed profits out of commercial lending.

Rock-bottom oil prices have sent the world's biggest petrochemical companies flying into each other's arms. And in the pharmaceutical industry, plans announced Tuesday by Hoechst AG and Rhone-Poulenc SA to merge their drug and agricultural-chemical businesses mark a union between two companies with an abundance of problems.

"It's clear that neither Rhone-Poulenc nor Hoechst compares well yet in terms of operating profits," said Jean-Ken Fournou, chairman of Rhone-Poulenc, just before the companies announced creation of a new company with \$20 billion in po-

tential sales. And when asked why neither company had sought a stronger American partner, company executives suggested that they did not have much choice.

"Which American companies?" asked Jürgen Dörmann, chairman of Hoechst, based in Frankfurt. "Merck? Monsanto? Would they have been interested?"

But industry argues that broader pressures are behind Europe's urge to merge. Inflation has sunk so low that few companies have room to raise prices and some are being forced to slash them. That has made it harder to deliver the kinds of growth in nominal profits that entice shareholders.

Introduction of the euro as a single currency for 11 countries adds to the competition and price pressures.

"These are companies basically on the defensive," said Bryan Allworth, a European equity strategist at Merrill Lynch. "They have no pricing power. They are seeing challenges to their market shares of their business lines. They know they have to do something."

But in their race to do something, corporate executives are running into a growing wall of skepticism from in-

vestors. The stock of Rhone-Poulenc dropped 6 percent in early trading Tuesday, the day the merger was announced, and fell another 7.30 francs Wednesday to 256.10 (\$44.98).

Deutsche Bank's stock has declined amid a torrent of criticism from analysts about its \$10.1 billion takeover of Bankers Trust, which was announced Monday, dropping to 95.55 Deutsche marks (\$56.72) from 100.10 DM on Wednesday.

And when news surfaced Tuesday that Total SA, the French oil company, was about to take over Petrofina SA of Belgium, its stock plunged nearly 10 percent in early trading. On Wednesday it dropped from 618 francs to 590.

Europe has never seen so many billion-dollar mergers in one year, and nowhere near so many big deals announced in just one week. VIAG AG, the industrial conglomerate based in Munich, reached an agreement on Nov. 27 to merge with the Swiss packaging company Sonesta Lenzburg Group, known as Algrop.

Executives in both the oil and the chemical industries predict more big deals in the months ahead, as both industries struggle with slumping demand and falling prices.

CURRENCY & INTEREST RATES

Cross Rates		Doc. 2		Libid-Libor Rates		Dec. 2	
U.S. \$	£	U.S. \$	FF	U.S. \$	£	U.S. \$	FF
Amsterdam	1.125	1.125	1.0201	1.0139*	1.0139*	1.165	1.128
Brisbane	1.157	1.157	1.0248	1.0187*	1.0187*	1.191	1.154
Frankfurt	1.203	1.203	1.0282	1.0207*	1.0207*	1.214	1.164
London (ft)	1.141	1.141	1.0258	1.0215*	1.0215*	1.154	1.114
Madrid	1.0406	1.0406	1.0205	1.0126*	1.0126*	1.0505	1.0105
Milan	1.0511	1.0511	1.0221	1.0147*	1.0147*	1.0611	1.0211
New York (ft)	1.0204	1.0204	1.0205	1.0145*	1.0145*	1.0305	1.0105
Tokyo	1.0209	1.0209	1.0205	1.0145*	1.0145*	1.0305	1.0105
Toronto	1.0204	1.0204	1.0205	1.0145*	1.0145*	1.0305	1.0105
1 ECU	1.0204	1.0204	1.0205	1.0145*	1.0145*	1.0305	1.0105
1 ISR	1.0204	1.0204	1.0205	1.0145*	1.0145*	1.0305	1.0105
Chgs. in Amst., London, Milan, Paris and Zürich. Totals in other centers. New York 1/4							
U.S. to Amst. £ to £. To buy one dollar "Units of 100" N.G.O. not quoted. N.A. and available.							
U.S. to Amst. £ to £. To buy one dollar "Units of 100" N.G.O. not quoted. N.A. and available.							
Other Dollar Values	Per S.	Currency	Per S.	Currency	Per S.	Currency	Per S.
American peso	0.5979	Canadian dollar	1.125	French franc	10.203	Swiss franc	1.125
Australian \$	1.5785	Hong Kong \$	2.7444	M. Zealand \$	1.0205	U.S. dollar	1.0205
Canadian \$	1.1211	Hong Kong \$	2.6282	M. Zealand \$	1.0205	U.S. dollar	1.0205
Swiss franc	1.2013	Italian lira	7.4585	Swiss franc	1.0205	U.S. dollar	1.0205
Other	0.6278	Italian lira	7.4585	Swiss franc	1.0205	U.S. dollar	1.0205
Canadian \$	20.47	Italian lira	7.4585	Swiss franc	1.0205	U.S. dollar	1.0205
Swiss franc	3.41	Italian lira	7.4585	Swiss franc	1.0205	U.S. dollar	1.0205
Swiss franc	5.1045	Italian lira	7.4585	Swiss franc	1.0205	U.S. dollar	1.0205
Forward Rates	30-day	60-day	90-day	180-day	360-day	1-year	2-year
Present Sterling	1.0518	1.0405	1.0445	1.0455	1.0455	1.1211	1.1545
Canadian dollar	1.5345	1.5344	1.5343	1.5343	1.5343	1.5343	1.5343
Deutsche mark	1.0765	1.0744	1.0723	1.0723	1.0723	1.1211	1.1545

Key Money Rates							
United States		Today	Prev.	British			
Discount rate		4.1%	4.1%	Bank base rate	6.6%	6.6%	6.6%
Federal funds		7.7%	7.7%	Call money	7.00	7.00	7.00
3-month		8.0%	8.0%	3-month libor	6.6%	6.6%	6.6%
6-month		8.7%	8.7%	6-month libor	6.6%	6.6%	6.6%
1-year		9.5%	9.5%	1-year libor	6.6%	6.6%	6.6%
2-year		10.5%	10.5%	2-year libor	6.6%	6.6%	6.6%
3-year		11.5%	11.5%	3-year libor	6.6%	6.6%	6.6%
5-year		12.5%	12.5%	5-year libor	6.6%	6.6%	6.6%
7-year		13.5%	13.5%	7-year libor	6.6%	6.6%	6.6%
10-year		14.5%	14.5%	10-year libor	6.6%	6.6%	6.6%
15-year		15.5%	15.5%	15-year libor	6.6%	6.6%	6.6%
20-year		16.5%	16.5%	20-year libor	6.6%	6.6%	6.6%
30-year		17.5%	17.5%	30-year libor	6.6%	6.6%	6.6%
50-year		18.5%	18.5%	50-year libor	6.6%	6.6%	6.6%
75-year		20.5%	20.5%	75-year libor	6.6%	6.6%	6.6%
100-year		22.5%	22.5%	100-year libor	6.6%	6.6%	6.6%
3-month T-bill		4.2%	4.2%	3-month T-bill	3.30	3.30	3.30
1-year T-bill		4.2%	4.2%	1-year T-bill	3.30	3.30	3.30
2-year T-bill		4.2%	4.2%	2-year T-bill	3.30	3.30	3.30
3-year T-bill		4.2%	4.2%	3-year T-bill	3.30	3.30	3.30
5-year T-bill		4.2%	4.2%	5-year T-bill	3.30	3.30	3

EUROPE

Rover Chairman Quits Over Lack of Profits

Somebody Must Stand Up and Be Counted

By Alan Cowell
New York Times Service

LONDON — The chairman of Rover Group, a subsidiary of Germany's BMW AG, resigned Wednesday, saying "somebody has to be prepared to stand up and be counted" for the company's failure to turn a profit.

"If the British auto industry can't go along with this, it's a very bad sign about the industry going forward," said Nick Snee, an analyst with I.P. Morgan.

BMW bought Rover from British Aerospace in 1994 but has been frustrated by the British company's inability to make a profit.

Mr. Haselkuss, who has been with BMW for 22 years, had taken a high profile in recent months, blaming the strong British pound for undermining Rover's exports. "The British car market is profitable but part of that is because the pound is very strong," said Mr. Snee. "Cars made in France and sold in Britain make a profit, but Rover is losing money. Part of Rover's problem has been that the pound has been so strong that imports are cheaper."

Mr. Haselkuss acknowledged Wednesday that he had underestimated the competitiveness of the British market. "When I look around, I look to myself," he said. "I feel quite strongly that somebody has to be prepared to stand up and be counted. This was a very difficult and painful process for me."

He is to be replaced by Werner Samann, a BMW veteran and head of the BMW Engine and Chassis division for the past six years.

Earlier, BMW and unions confirmed details of a deal that will see at least 2,500 jobs cut from the work force of 39,000, and more flexible working practices introduced.

BMW also offered to invest a further \$3.2 billion in the company provided the British government sinks financial aid, reportedly worth some \$400 million, in the development of new model ranges. There was no immediate guarantee of aid from British ministers, who largely welcomed the plan. A key part of the deal is that it will secure the continued use of Rover's biggest plant, at Longbridge near Birmingham.

(*AFP, Bloomberg*)

Thomson Seals Privatization in 30% Stake Sale

Compiled by Our Staff From Dispatches

PARIS — Thomson Multimedia sealed an alliance Wednesday with four international companies that agreed to pay 1.8 billion French francs (\$319.2 million) for a 30 percent stake.

The move ends a two-year saga of privatization attempts. The French government in July chose Microsoft Corp. of the United States, Alcatel of France, NEC Corp. of Japan and DirecTV, a unit of Hughes Electronics Corp., to share the stake in Thomson.

Each of the companies will have a seat on Thomson's board. The government will retain 70 percent of the company.

The sale gives Thomson Multimedia, the biggest television maker in the United States with the RCA and GE brands, strong partners in key technologies to help its push into interactive television equipment and services.

(*AFP, Bloomberg*)



Jean-Cyril Spinetta, the chairman of Air France, says the state-owned airline is now ready for the public sale of shares.

Summer Pilots' Strike Hits Air France Profit

Compiled by Our Staff From Dispatches

PARIS — Air France said Wednesday that a strike by pilots during the peak summer travel season helped drive its first-half profit down 23 percent.

The state-owned carrier earned 1.34 billion French francs (\$237.6 million) in the six months to Sept. 30, down from 1.75 billion francs a year ago. Sales rose to 29.91 billion francs from 29.77 billion francs.

The results came as the government prepares Air France for a partial privatization next year. The state will float a 20 percent stake and offer shares to pilots in return for a salary freeze.

A 10-day pilots' strike in June led to a loss of more than 1.5 billion francs in revenue. Air France said, estimating the overall cost of the disruption at 1.3 billion francs. The strike ended after the company decided to ditch a divisive two-tier pay scale and offer the pilots shares. Analysts said the deal should help earnings over the longer term and ensure the success of a share sale next year.

"Costs are under control, and the dispute with pilots is settled," said Chris Partridge, associate director of aerospace finance at Deutsche Bank in London.

The airline needs to show that earnings are likely to rise to persuade investors to buy its stock rather than that of other state-owned airlines to be sold in 1999.

"When I was chosen to do this job, the government asked me to get the company ready for partial sale to the public," said the Air France chairman, Jean-Cyril Spinetta, who was appointed CEO in September 1997. "Now we are ready for the sale."

Air France also said Wednesday it would choose next year between its two U.S. partners, Delta Air Lines Inc. and Continental Airlines Inc., to form a "global air transport alliance."

Air France had previously expressed doubts over such global alliances, preferring to concentrate on bilateral commercial or technical agreements.

(*Reuters, Bloomberg,AFX*)

Deutsche Buying Unit Of Lyonnais

Reuters

FRANKFURT — Deutsche Bank AG confirmed Wednesday that its expansion drive was carrying it into Belgium, announcing that it would acquire the Belgian unit of Credit Lyonnais SA for about 1 billion Deutsche marks (\$594 million).

Deutsche said it would merge its Belgian business with that of Credit Lyonnais Belgium, which has 38 branches, 950 employees, 186,000 customers and assets of 465 billion Belgian francs (\$13.40 billion). Credit Lyonnais' Belgian branches will be renamed Deutsche Bank.

The deal, expected to be completed in the first quarter of next year, is Deutsche's second big acquisition announced this week. It said Monday it was buying Bankers Trust Corp. of the United States for \$10.1 billion.

The takeover of the Credit Lyonnais unit shows that Deutsche remains determined to grow in continental Europe, which will be its enlarged home market after the introduction of the single currency, the euro, Jan. 1. The Belgian unit is one of several subsidiaries that state-controlled Credit Lyonnais was obliged to sell in return for European Union approval of aid from the French government.

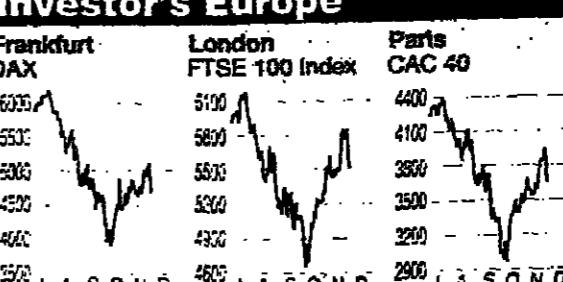
Safmarine to Get Bid From Bollore

Bloomberg News

JOHANNESBURG — Bollore Technologies SA of France said Wednesday that it would bid for Safmarine, the biggest shipping company in South Africa, to strengthen its operations in Africa.

The bidding for Safmarine, which handles about 25 percent of worldwide shipping of refrigerated goods, closed Wednesday. Analysts estimate the company's worth at 1.8 billion rand to 2.4 billion rand (\$317.9 million to \$423.8 million), though the size of Bollore's bid was not revealed. The shipper's parent, Safmarine & Rennies Holdings Ltd., is selling its businesses and distributing the proceeds to shareholders.

Investor's Europe



Exchange	Index	Wednesday Close	Prev. Close	% Change
Amsterdam	AEX	1,027.65	1,043.73	-2.01
Brussels	BEL-20	3,222.35	3,201.81	+0.64
Frankfurt	DAX	4,691.69	4,761.73	-1.68
Copenhagen	Stock Market	594.33	596.60	-0.36
Helsinki	HEX General	4,853.18	4,792.40	+1.27
Oslo	OBX	484.43	491.34	-1.41
London	FTSE 100	5,507.20	5,537.50	-0.55
Madrid	Stock Exchange	813.14	820.46	-0.89
Milan	MIBTEL	21413	21503	-0.42
Paris	CAC 40	3,649.91	3,688.34	-1.04
Stockholm	SIX 16	3,856.42	3,881.04	-0.63
Vienna	ATX	1,114.65	1,093.48	+1.94
Zurich	SPI	4,273.65	4,292.75	-0.44

Source: Telekurs

International Herald Tribune

Very briefly:

• Greece named George Simeonidis the chief executive of Hellenic Telecommunications Organization SA, succeeding George Chrysoulis, who resigned after just 10 months at the top of Greece's largest telephone company.

• Societe Generale SA would like a "serious industrial alliance" with Credit Lyonnais SA, which the French government is selling next year, the chief executive of Societe Generale, Daniel Bouton, told the French business weekly *L'Expansion*.

• ING Groep NV, a Dutch financial-services company, does not intend to abandon its corporate and investment-banking divisions despite reporting a loss of 330 million guilders (\$17.5 million) in the company's banking business.

• Shell UK, part of the British-Dutch oil giant Royal Dutch/Shell Group, plans to open its first Select convenience store in Britain that is not attached to a gasoline station, Friday in central London. The company, which has stand-alone stores in Portugal and Scandinavia, said nonfuel purchases represented as much as 60 percent of sales at some Shell stations.

• News Communications & Media PLC, a British regional newspaper publisher with 125 titles, plans to cut as many as 160 jobs as it closes its production plant in Dursley, Gloucestershire, next year.

• Etex Group SA, a Belgian building-materials maker, offered to buy Marley PLC of Britain for £364.8 million (\$602.9 million); the bid was 29 percent higher than one made last week by John Mansfield PLC.

• Vimpel-Communications AO reported a \$44 million loss for the third quarter, citing huge write-downs in its investments and negative exchange rates. The Russian cellular-telephone operator also plans to sell 25 percent of its voting stock to Telenor AS of Norway.

Bloomberg, Reuters

Source: Bloomberg

Editorial: *Business Week*

Photo: *AP*

NASDAQ

Wednesday's 4 P.M.

- The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

NYSE

Wednesday's 4 P.M. Close

(Continued)

12/Month	Stock	Div	Yld	PE	52		High	Low	Latest	Change
					Wk	Mo				
46	25	OM Group	36	1.0	19	311	377	364	364	+1%
47	25	OMNI Comm	-	-	413	39	29	29	-1%	
48	25	OMS Software	-	-	111	170	105	105	-1%	
49	21	ONC Oaklands	-	-	20	130	394	91	-3%	
50	31	ONEX Online	-	-	22	2600	974	974	-1%	
51	10	ONC Websoft	.04	3	12	1036	154	196	154	+1%
52	17	ONCNet IP	.00	52	64	6442	778	676	778	-1%
53	7	ONCNet IP	.00	52	64	372	124	124	124	-1%
54	8	ONCNet IP	.00	52	64	184	124	124	124	-1%
55	11	ONCNet IP	.00	52	64	52	574	574	574	+1%
56	2	ONCNet IP	.00	52	64	25	151	151	151	-1%
57	5	ONCNet IP	.00	52	64	3400	324	312	312	-1%
58	12	ONCNet IP	.00	52	64	14	5339	105	105	-1%
59	13	ONCNet IP	.00	52	64	14	5339	105	105	-1%
60	14	ONCNet IP	.00	52	64	14	5339	105	105	-1%
61	22	ONCNet IP	.00	52	64	14	5339	105	105	-1%
62	23	ONCNet IP	.00	52	64	14	5339	105	105	-1%
63	24	ONCNet IP	.00	52	64	14	5339	105	105	-1%
64	25	ONCNet IP	.00	52	64	14	5339	105	105	-1%
65	26	ONCNet IP	.00	52	64	14	5339	105	105	-1%
66	27	ONCNet IP	.00	52	64	14	5339	105	105	-1%
67	28	ONCNet IP	.00	52	64	14	5339	105	105	-1%
68	29	ONCNet IP	.00	52	64	14	5339	105	105	-1%
69	30	ONCNet IP	.00	52	64	14	5339	105	105	-1%
70	31	ONCNet IP	.00	52	64	14	5339	105	105	-1%
71	32	ONCNet IP	.00	52	64	14	5339	105	105	-1%
72	33	ONCNet IP	.00	52	64	14	5339	105	105	-1%
73	34	ONCNet IP	.00	52	64	14	5339	105	105	-1%
74	35	ONCNet IP	.00	52	64	14	5339	105	105	-1%
75	36	ONCNet IP	.00	52	64	14	5339	105	105	-1%
76	37	ONCNet IP	.00	52	64	14	5339	105	105	-1%
77	38	ONCNet IP	.00	52	64	14	5339	105	105	-1%
78	39	ONCNet IP	.00	52	64	14	5339	105	105	-1%
79	40	ONCNet IP	.00	52	64	14	5339	105	105	-1%
80	41	ONCNet IP	.00	52	64	14	5339	105	105	-1%
81	42	ONCNet IP	.00	52	64	14	5339	105	105	-1%
82	43	ONCNet IP	.00	52	64	14	5339	105	105	-1%
83	44	ONCNet IP	.00	52	64	14	5339	105	105	-1%
84	45	ONCNet IP	.00	52	64	14	5339	105	105	-1%
85	46	ONCNet IP	.00	52	64	14	5339	105	105	-1%
86	47	ONCNet IP	.00	52	64	14	5339	105	105	-1%
87	48	ONCNet IP	.00	52	64	14	5339	105	105	-1%
88	49	ONCNet IP	.00	52	64	14	5339	105	105	-1%
89	50	ONCNet IP	.00	52	64	14	5339	105	105	-1%
90	51	ONCNet IP	.00	52	64	14	5339	105	105	-1%
91	52	ONCNet IP	.00	52	64	14	5339	105	105	-1%
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93	54	ONCNet IP	.00	52	64	14	5339	105	105	-1%
94	55	ONCNet IP	.00	52	64	14	5339	105	105	-1%
95	56	ONCNet IP	.00	52	64	14	5339	105	105	-1%
96	57	ONCNet IP	.00	52	64	14	5339	105	105	-1%
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123	84	ONCNet IP	.00	52	64	14	5339	105	105	-1%
124	85	ONCNet IP	.00	52	64	14	5339	105	105	-1%
125	86	ONCNet IP	.00	52	64	14	5339	105	105	-1%
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128	89	ONCNet IP	.00	52	64	14	5339	105	105	-1%
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131	92	ONCNet IP	.00	52	64	14	5339	105	105	-1%
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139	100	ONCNet IP	.00	52	64	14	5339	105	105	-1%
140	101	ONCNet IP	.00	52	64	14	5339	105	105	-1%
141	102	ONCNet IP	.00	52	64	14	5339	105	105	-1%
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149	110	ONCNet IP	.00	52	64	14	5339	105	105	-1%
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161	122	ONCNet IP	.00	52	64	14	5339	105	105	-1%
162	123	ONCNet IP	.00	52	64	14	5339	105	105	-1%
163	124	ONCNet IP	.00	52	64	14	5339	105	105	-1%
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165	126	ONCNet IP	.00	52	64	14	5339	105	105	-1%
166	127	ONCNet IP	.00	52	64	14	5339	105	105	-1%
167	128	ONCNet IP	.00	52	64	14	5339	105	105	-1%
168	129	ONCNet IP	.00	52	64	14	5339	105	105	-1%
169	130	ONCNet IP	.00	52	64	14	5339	105	105	-1%
170	131	ONCNet IP	.00	52	64	14	5339	105	105	-1%
171	132	ONCNet IP	.00	52	64	14	5339	105	105	-1%
172	133	ONCNet IP	.00	52	64	14	5339	105	105	-1%
173	134	ONCNet IP	.00	52	64	14	5339	105	105	-1%
174	135	ONCNet IP	.00	52	64	14	5339	105	105	-1%
175	136	ONCNet IP	.00	52	64	14	5339	105	105	-1%
176	137	ONCNet IP	.00	52	64	14	5339	105	105	-1%
177	138	ONCNet IP	.00	52	64	14	5339	105	105	-1%
178	139	ONCNet IP	.00	52	64	14	5339	105	105	-1%
179	140	ONCNet IP	.00	52	64	14	5339	105	105	-1%
180	141	ONCNet IP	.00	52	64	14	5339	105	105	-1%
181	142	ONCNet IP	.00	52	64	14	5339	105	105	-1%
182</										

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sis	100s		High	Low	Loted	Chge
							High	Low				
1716	7	SaxaAfrica	2.01	20.9	5	140	94	94	94	94	-16	200
3179	6	SaxaAfrica	1.34	45	13	299	299	299	299	299	-16	2400
14%	8%	SpanC	.51	43	9	700	1276	1176	1176	1176	-16	4976
22%	14%	SpanCo	1.11	1	61	145	145	145	145	145	-16	3116
23%	15%	SpanAm	.63	24	1	100	100	100	100	100	-16	356
25	17%	SpanGas	1.72	24	1	500	24	250	250	250	-16	2350
28	24%	SpanIntl	1.25	24	1	100	100	100	100	100	-16	140
33%	22%	SpanIntl	2.46	24	1	223	79	79	79	79	-16	716
33	21%	SpanIntl	2.46	24	13	150	250	250	250	250	-16	150
5%	5%	SpanIntl	2.46	24	13	456	70	70	70	70	-16	100
27%	14%	SpanIntl	2.4	12	1	20	150	150	150	150	-16	150
11%	5%	SpanIntl	2.4	12	1	500	61	6	6	6	-16	500
14%	8%	SpanIntl	2.4	12	1	548	260	260	260	260	-16	260
9%	5%	SpanIntl	2.4	12	1	617	79	79	79	79	-16	350
4%	3%	SpanIntl	2.26	63	1	200	200	200	200	200	-16	200
20%	4%	SpanIntl	2.26	63	1	417	114	114	114	114	-16	417
61	31%	SpanIntl	2.26	63	1	497	114	114	114	114	-16	414
31%	24%	SpanIntl	2.26	63	1	7854	744	744	744	744	-16	744
74%	22%	SpanIntl	2.26	63	1	1216	150	150	150	150	-16	150
50	12%	SpanIntl	2.26	63	1	1216	150	150	150	150	-16	150
53	84%	SpanIntl	2.26	63	1	1216	150	150	150	150	-16	150
26%	16%	SpanIntl	2.26	63	1	1216	150	150	150	150	-16	150
21	7%	SpanIntl	2.26	63	1	9	318	104	104	104	-16	104
251	14%	SpanIntl	2.26	63	1	217	319	319	319	319	-16	319
57%	23%	SpanIntl	2.26	63	1	217	319	319	319	319	-16	319
24%	17%	SpanIntl	2.26	63	1	217	319	319	319	319	-16	319
5%	3%	SpanIntl	2.26	63	1	217	319	319	319	319	-16	319
15%	10%	SpanIntl	2.26	63	1	217	319	319	319	319	-16	319
55%	17%	SpanIntl	2.26	63	1	217	319	319	319	319	-16	319
52	13%	SpanIntl	2.26	63	1	217	319	319	319	319	-16	319
14%	4%	SpanIntl	2.26	63	1	80	409	86	86	86	-16	86
57	27%	SpanIntl	2.35	67	1	12	104	104	104	104	-16	104
38%	12%	SpanIntl	2.35	67	1	12	173	173	173	173	-16	173
26%	8%	SpanIntl	2.35	67	1	26	267	270	270	270	-16	270
29%	16%	SpanIntl	2.4	1.9	1	50	56	57	57	57	-16	57
50%	20%	SpanIntl	2.4	1.9	1	119	244	244	244	244	-16	244
22%	17%	SpanIntl	2.4	1.9	1	119	516	516	516	516	-16	516
22%	13%	SpanIntl	2.4	1.9	1	119	571	571	571	571	-16	571
14%	4%	SpanIntl	2.4	1.9	1	119	184	184	184	184	-16	184
57	27%	SpanIntl	2.4	1.9	1	41	67	270	270	270	-16	270
26%	13%	SpanIntl	2.4	1.9	1	9	174	174	174	174	-16	174
20%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
51%	20%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
4%	2%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
26%	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
21%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
20%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
5%	3%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
15%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
55%	20%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
52	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
14%	4%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
57	27%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
26%	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
21%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
20%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
5%	3%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
15%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
55%	20%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
52	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
14%	4%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
57	27%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
26%	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
21%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
20%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
5%	3%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
15%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
55%	20%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
52	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
14%	4%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
57	27%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
26%	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
21%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
20%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
5%	3%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
15%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
55%	20%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
52	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
14%	4%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
57	27%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
26%	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
21%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
20%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
5%	3%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
15%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
55%	20%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
52	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
14%	4%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
57	27%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
26%	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
21%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
20%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
5%	3%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
15%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
55%	20%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
52	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
14%	4%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
57	27%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
26%	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
21%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
20%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
5%	3%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
15%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
55%	20%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
52	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
14%	4%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
57	27%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
26%	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
21%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
20%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
5%	3%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
15%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
55%	20%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
52	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
14%	4%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
57	27%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
26%	13%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
21%	10%	SpanIntl	2.4	1.9	1	17	17	17	17	17	-16	17
20%	10%	SpanIntl	2.4	1.9	1	17	17	17	17</			

Mathay and North

Analysts Expect Same Set Out of Automat

DISTRUST: *High Hurdles*

Singer Page 1

Cathay and Northwest Both Quit PAL Talks

Compiled by Our Staff From Dispatches

MANILA — Cathay Pacific Airways Ltd. and Northwest Airlines Inc. have broken off talks to buy a stake in Philippine Airlines Inc., the debt-strapped carrier said Wednesday, leaving it in search of another partner to save it from collapse.

Cathay, the Hong Kong-based carrier, said it had withdrawn from negotiations to buy a controlling stake because of fundamental disagreements over management control, job cuts and other issues.

The chief financial officer of the Philippine flag carrier, Jaime Banus, also said talks with another potential investor, Northwest Airlines Inc., "fizzled out" after Cathay reached a preliminary agreement Nov. 10 to buy a 40 percent stake and take management control of the airline.

But Philippine Airlines said late Wednesday that it was resuming talks with an unidentified foreign investor. The airline also said that an unidentified local group was offer-

ing to infuse \$90 million of the \$150 million the airline says it needs to reorganize and make itself viable.

Some analysts said Northwest or Cathay might resume negotiations, seeking more favorable terms.

Still, an analyst said the carrier, which is the oldest in Asia and which stopped flying briefly in September, could well be forced to shut down for good.

"It doesn't surprise me at the end of the day," said Ian Wild of SG Securities in Hong Kong, "that people should look closely at Philippine Airlines and decide that the existing business is irretrievable."

"The inevitable may end up happening," he said. "The Philippine Airlines company may well disappear."

Analysts and officials said the

sticking point in the talks with Cathay was the Hong Kong airline's intention to dismiss a large number of PAL's 8,000 workers.

Cathay said that there were also differences over the valuation of the airline and over management control.

In September, during the brief shutdown of Philippine Airlines, the carrier's biggest labor union agreed to accept a management offer of 20 percent equity in exchange for a 10-year freeze on strikes and labor bargaining.

That agreement allowed the airline to resume flying. Cathay later provisionally agreed to invest up to \$100 million in the airline in return for management control and up to 40 percent of equity.

(Reuters, Bloomberg)

Analysts Expect Samsung To Get Out of Automaking

Agence France-Presse

SEOUL — Samsung Group is planning to shed its fledgling automaking unit in a business swap with the electronics unit of Daewoo Group, industry analysts said Wednesday.

Under the expected deal, reported in local news media but not confirmed by the companies, Daewoo would take over the unprofitable Samsung Motors Inc., while Samsung would swallow up debt-laden Daewoo Electronics Co.

Such a deal, after the purchase of Kia Motors Corp. by Hyundai Motor Co., would leave the country with only two major vehicle makers, Daewoo and Hyundai, and two top electronics makers, Samsung and LG Electronics.

If realized, it would be a key-stone of what is known as the "Big Deal," an economic restructuring aimed at reviving the economy, and would affect the global vehicle and electronics markets, analysts said.

A Samsung spokesman denied it was about to pull out of the auto industry, saying: "We will keep our automaking business."

But Kang Bong Kyun, a presidential economic adviser, said, "Discussions are under way to get Samsung Motors involved in the Big Deal, and there has been progress."

Yonhap news agency quoted sources saying Daewoo Electronics was the candidate for the swap.

Newspapers said President Kim Dae Jung was expected to discuss the reported Samsung-Daewoo swap with representatives of the country's largest conglomerates, or *chaebol*, when he met with them to discuss corporate restructuring.

Samsung Motors' debt is estimated to be between 3 trillion and 4 trillion won (\$2.4 billion to \$3.2 billion), officials said, adding that Daewoo Electronics' debt was estimated at 3.2 trillion won at the end of 1997.

Australia Trims Main Rate

Compiled by Our Staff From Dispatches

SYDNEY — The Reserve Bank of Australia cut its official interest rate by a quarter-point Wednesday to 4.75 percent, citing fears of declining economic growth.

However, recent economic indicators suggest growth may exceed earlier forecasts, Ian Macfarlane, governor of the central bank, said.

Slightly stronger than expected third-quarter figures released after the cut appeared to bear that out. In the third quarter, Australia's gross domestic product expanded by 1.0 percent compared with the second quarter and at an annual rate of 5.0 percent.

"With growth bouncing along at about 5 percent, it is clear that even if the economy does slow next year, we will have another quarter or two of solid growth," Grant Fitzner, a senior

economist at HSBC Markets, said. "Some decline in growth is unavoidable, given the international circumstances," Mr. Macfarlane said, calling it "unrealistic" to expect monetary policy to fine-tune growth or inflation next year.

The continuing good inflation performance, however, and the economy's capacity to grow without generating additional inflationary pressure mean that it is appropriate to offer some additional support to growth through the adoption of a more accommodative monetary policy stance," he said.

Inflation may rise slightly because of the Australian dollar's fall over the past 18 months, he said. But inflation is expected to stay within its target range of 2 percent to 3 percent a year in the medium term.

(Bridge News, AFP)

WTO Says Trade in '98 Has Slowed Sharply

Bloomberg News

GENEVA — Growth in world trade probably fell by more than half this year, the World Trade Organization said Wednesday, as the recession in Japan and Southeast Asia has cut demand for imports.

The growth in the volume of goods has probably slowed to between 4 percent and 5 percent this year — the slowest rate since 1993 — from 10 percent in 1997, the Geneva-based trade organization said in its 1998 annual report. Trade growth should pick up again next year, it said, without making a precise forecast.

The slump in Japan and slowing emerging-market economies have held back world trade more than the WTO expected.

"It is already clear that 1998 will feature sharply lower trade and output growth rates than 1997, but it is more difficult to anticipate the depth or duration of the slowdown," the trade organization said.

Developed countries concerned that they face a flood of cheap imports from nations whose currencies have declined have so far not raised new trade barriers, the WTO said, though it warned that "pressures in this direction may increase."

Investor's Asia



Source: Tokutoku

International Herald Tribune

Very briefly:

• Tenaga Nasional Bhd., Malaysia's largest electricity company, will sell a power plant to Powertek Bhd. for 740 million ringgit (\$195.3 million) to cut costs after posting a record loss of 3.09 billion ringgit in the year that ended Aug. 31.

• Pakistan missed a \$13.6 million interest payment on a \$300 million three-year floating-rate note, adding to concern that it could default, bankers said. Pakistan, which has applied for aid from the International Monetary Fund, faces almost \$800 million in payments on government bonds due this month.

• South Korea's net foreign debt narrowed to \$21.11 billion at the end of October due to rising foreign currency reserves. Companies and the government are striving to cut the foreign debt load that pushed the country into recession and led to a \$60 billion IMF-led rescue package last year.

• Toyota Motor Corp. will set up a holding company by March 2001 and effectively absorb Daihatsu Motor Co. and Hino Motors Ltd., the Yomiuri Shimbun said. (AP, Bloomberg)

ANTITRUST: High Hurdles for Exxon Mobil

Continued from Page 13

Companies have retained two of Washington's largest law firms to handle antitrust issues before the Federal Trade Commission. Exxon has hired Covington & Burling, and the team will be led by Charles Rule, a former head of the Justice Department's antitrust division. Mobil has retained Hogan & Hartson and its team will be led by Janet McDavid. The incoming chairman of the American Bar Association's section on antitrust law.

At Georgetown University, Ms. McDavid was a law student of Robert Pitofsky, who is now the chairman of the trade commission; she also was a member of a Pentagon task force on antitrust issues that he headed. Both Ms. McDavid and Mr. Pitofsky served on President Bill Clinton's transition team in 1992.

Not surprisingly, Exxon and Mobil have been big players on the Washington political scene, although antitrust lawyers said that members of the trade agency's staff who review mergers have to be insulated from political pressure. The most recent statistics, for 1997, show that Mobil spent \$5.3 million on lobbying and Exxon spent \$5.2 million.

Even before the announcement Tuesday, some consumer and industry groups announced their intention to challenge the companies on antitrust grounds, and state officials announced their intention to begin a broad inquiry.

"We're beginning an investigation in coordination with other states," said Richard Blumenthal, the attorney general of Connecticut and head of the antitrust section of the National Association of Attorneys General.

"Our concern is, this combination of two giants, even if it is designed to increase their strength globally, could have an immense impact on consumers on Main Street," he said. "Exxon and Mobil were created as part of the breakup of the Standard Oil monopoly, the very reason we have today's antitrust laws."

Still, Mr. Kaplan and other antitrust experts predicted that the antitrust issues would not block the deal, a sign of the transformation of the oil industry since it was controlled by the innovative trusts devised by Mr. Rockefeller at the end of the last century.

Lawyers and analysts said significant divestitures might be required in the retailing and marketing ends of the business and in the production of petrochemicals and lubricants, but that the deal could ultimately be approved by regulators.

The area of the business least vulnerable to antitrust action is in oil exploration, where competition is robust, and governments play a large role in setting prices and significant technological innovations in drilling have sharply lowered the capital costs that once posed a formidable barrier to newcomers.

U.S. antitrust law has been shaped by trends in the oil industry.

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INTERNATIONAL INVESTING

On Baghdad Bourse, It's a Buyer's Market

Investors Awaiting End to Sanctions Snap Up Bargains for the Long Term

By Howard Schneider
Washington Post Service

BAGHDAD — The investor was holding his fire until the end of the trading session, waiting for the last 15 minutes to decide whether to join the day's sell-off or stand pat.

After all, these can be volatile days at the Baghdad Stock Exchange, where players follow the latest military threats from Washington as surely as Wall Street watches interest rates, and everybody is banking on the day when trade sanctions are lifted and their investments soar.

At about 5 cents a share, even the priciest stocks on this market have nowhere to go but up.

"Most of these companies are solid," said T. Jacob, an engineer who has joined the growing number of Iraqis pumping billions of dinars into the five-year-old Baghdad exchange. "Paints, agriculture, alcohol," soft drinks and other goods can turn a profit even under the trade embargo, he said.

"Everything will change after sanctions," he added.

While most news from Iraq centers on malnourished children and tense confrontations over weapons inspectors for the United Nations, the trading floor presents a sharply different image.

A roomful of rambunctious brokers scribble quotes on a wall board while dozens of investors, standing behind a rail, shout orders to buy and sell. Three television monitors flash the prices and the number of shares traded.

"When we started, people said, 'It can't work,'" said Sabih Dulaimi, who left his job in the computer department of a local bank to establish the exchange several years after the end of the 1991

Gulf War and is now its director general. "Now we have 500 sales per day."

"We have good companies," Mr. Dulaimi said. "They all existed before the war, and they give a good profit."

Part parlor game, the Baghdad exchange lacks the electronic gadgetry, legal oversight and detailed disclosure rules that characterize exchanges elsewhere in the world. Traders have to be physically present to do business, Mr. Jacob said, and buyers are urged to beware. Moves by wealthy merchants or political figures can run a price up quickly, and those on the floor listen closely to the rumors of who is buying what.

Nonetheless, brokers say, the stock exchange has developed a rudimentary system of checks and balances that prevents gross abuses. A small array of computers, scavenged from local banks and government ministries, tabulates each broker's trades, and each day's sales must be settled promptly for cash. The universe of participants is small enough to permit a certain amount of self-policing. Bounced checks or other problems, for example, lead to quick censure and a ban from the floor.

The exchange also has implemented "circuit breaker" rules to avoid gross manipulation. Stocks cannot increase or decrease more than 10 percent during any of the two-hour trading sessions, which are held three times per week. Only companies that have made a profit for two consecutive years can be 10 percent.

Partly as a result of such rules, the exchange has instilled enough confidence among investors that it has so far raised \$8.5 billion dinars — roughly \$2.5 million — for its



Howard Schneider/The Washington Post

Two of the 40 brokers in Baghdad scribbling updates on the stocks of the 95 companies traded.

95 listed companies.

By some reckonings, the ex-

change offers bargains galore. The

equivalent of four-tenths of a U.S.

cent, for example, buys a share of

the Iraqi date company — a busi-

ness with strong export potential

in a post-sanctions world, brokers

say. "Everything is undervalued,"

a broker said.

For now, only Iraqis are al-

lowed to invest here, though there

is talk of opening the exchange to

other Arabs.

Stock trading in Iraq dates to the

first half of this century, though it

was previously only done through

banks, and not in the spirited at-

mosphere of a true bourse.

Partly as a result of such rules,

the exchange has instilled enough

confidence among investors that it

has so far raised \$8.5 billion dinars

— roughly \$2.5 million — for its

keep track of the trades and other

information needed for the market

to function.

With no electronic ticker, prices

are written by hand, erased and

updated as they change. "Buy"

and "sell" contracts are written on

slips by brokers, who hand them

through a speakeasy-style window

to clerks staffing the exchange's

eight personal computers.

They enter the data onto a series

of 40 floppy disks — one for each

of the current brokers — and the

disks are then sent by courier to

each broker's office, where the

trades are settled. An archive of all

trades is kept on compact disks,

said Sherwan Anwar, the ex-

change's systems manager.

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A Slam-Bang Finish For New-Issue Year

On-Line Firms Top List of Stock Sellers

Bloomberg News

NEW YORK — The market for initial public offerings looks set to finish 1998 with a bang rather than a whimper, as several technology companies and

Infinity Broadcasting Corp.,

CBS Corp.'s radio and bill-

board unit, currently plan IPOs

by year-end.

E-Tek Dynamics Inc., a

maker of components for fiber

optic networks, went public

Tuesday, raising \$60 million,

and Ticketmaster Online

CitySearch Inc., an on-line pro-

vider of tickets to live events

and local city guides, planned

an initial stock sale this week

Xoom.com Inc., an on-line di-

rect marketing company, and

InfoSpace.com, a syndicator of

information for Internet sites,

are scheduled to go public next

week.

An Internet auction com-

pany, Ubid Inc., a unit of Crea-

tive Computers Inc., plans an

initial stock sale either the

week of Dec. 7 or Dec. 14. If it

raises the expected \$2.77 bil-

lion, that sale will prove the

third-largest this year, after

Conoco Inc. and Fox Entertain-

ment Group Inc.

Select Comfort Corp., which

makes and sells air mattresses,

also plans an initial stock sale

next week.

If successful, the closely

spaced, high-profile Internet of

offerings should strengthen the IPO

market. Just two noteworthy

U.S. offerings — H-Bay and

Conoco Inc. — occurred in

September and October, while

November saw several. These

include the \$2.81 billion Fox

Entertainment IPO, the Earth

Web and Theglobe.com issues,

and the more prosaic yet still

sizeable and well-performing

initial stock sale by insurer

Mony Group Inc.

The firms in corporate fi-

nance activity have only served

to exacerbate the need to get the

deals done before the end of the

year, and possibly salvage some

year-end bonuses" for invest-

ment bankers. Mr. Menlow

said. Peat-up demand for cap-

ital on the part of would-be in-

siders should cause the IPO mar-

ket to get "started in earnest

possibly as early as mid-Jan-

uary," he said.

INTERNATIONAL INVESTING

Clubs Try to Score With Stock

Spanish Soccer Teams Look to Markets for Financing

By Robert W. Hiltner

MADRID.—Stock market flotation is seen as a golden opportunity by a clutch of Spanish soccer clubs, but the experience at British clubs suggests that success is harder to achieve on the market than on the pitch.

Despite the national team's ignominious first round exit from this year's World Cup, Spain's first division is rated among the top three or four leagues in the world, and some of its smaller members have big ideas.

Valladolid is one of several medium-sized clubs seeking to raise capital by a stock market flotation, inspired by Manchester United and some 20 other listed British clubs.

"Listing on the bourse is common in any other kinds of business and for football clubs in other countries," said Valladolid's spokesman, Mariano Mancebo Rojo.

"We've taken all the necessary steps, and gone through all the audits that the stock market is demanding, and what we want is to list as soon as possible."

The problem for Valladolid and clubs like Atletico Madrid and Espanyol, which have said they are considering flotation, is a legal wrangle over whether they are allowed under current law to list on the market.

"Even under this law I think there are legal forms that could allow a football club to quote without breaking the law," Mancebo Rojo said. "We've presented our dossier to the commission, but for the moment they've not given us the green light."

The relevant authorities disagree with Valladolid.

Spain's sports council, the Consejo Superior de Deportes, is negotiating with the stock-market commission and the Economy Ministry over how to change the laws on limited sporting companies to make them like other limited companies.

"The necessary legal changes need the approval of the cabinet and Parliament," said Consejo spokesman Luis Lucio. "But I think by next year it should be possible for clubs to float."

But analysts question whether Spanish clubs are ready for flotation anyway, in terms

of business transparency. And unlike in Britain, it is not the top Spanish clubs that want to float. Real Madrid and Barcelona, the only two with the business clout to rival other European giants like Manchester United, Liverpool and AC Milan, have said they nurture no ambitions for the stock market.

And on the London market, only the biggest clubs have proved attractive to investors.

"What we've found in the U.K. and Italy, and I guess Spain, too, is initial enthusiasm, but I think ultimately it'll be followed very quickly by disillusionment," said Paul Wedge, soccer specialist at London stockbrokers Collins Stewart.

"If you're looking at conventional measures in terms of bottom-line profit, I can't think of any clubs at the moment which look to be profitable enough to justify the current market capitalization, other than Manchester United," he said.

Despite good revenue from television rights, ticket sales, merchandising and sponsorship, soccer clubs tend to make little profit because they face spiraling wage costs, he said.

"We've seen 20 percent compound wage inflation in the last three years," Mr. Wedge said. "It's very heavily loaded in favor of the player, and the player can be a complete dog. It's not a game for investors."

He said the average capital raised by club flotations in Britain had been \$6 million to \$10 million (\$9.92 million to \$16.53 million).

"If you raise \$5 million, you think that's a lot of money, but it's basically one player," he said.

The strategies of Spain's top two clubs could offer a better business model.

Barcelona, which is owned by its members rather than being a limited sports company like most smaller Spanish clubs, would never list on the bourse but has big plans to increase revenue.

It has created a separate company called Barca 2000, which could be floated on the stock exchange, to work on a project for a \$264 million leisure complex that would exist to provide money for soccer and other sports teams.

Carefully, Walgreen Plots Its Way to Success

By Bloomberg News

DEERFIELD, Illinois.—In 1993, Walgreen Co. told Joe Resender that it was closing the Walgreen drug store it managed in a Pasadena, Texas, strip mall and opening a bigger one at a better spot across the street.

Three years later, Walgreen closed that store and opened another one. It was on another corner of the same street, a couple of blocks away. "Some of the customers thought we were going crazy," Mr. Resender said.

However, with each move, his store's annual sales shot up more than 20 percent.

Such obsession with store location has served Walgreen well. While competitors have been gobbling up other companies to expand and big retailers such as J.C. Penney Co. are buying their way into the business, Walgreen continues to rack up the biggest profit and sales of any U.S. drugstore chain, one store at a time.

"They don't bite off more than they can chew, and everything they do is home-grown," said Martin Balkoff, an analyst for Northern Trust Co., which held 9.7 million Walgreen shares in June. He ranks Walgreen in retailing's top tier, along with Wal-Mart Stores Inc. and Home Depot Inc.

Without acquisitions, Walgreen in the last five years has raised its number of stores by 35 percent, to 2,550, funding them with internally generated cash. Its earnings have almost doubled in that period, to \$511 million in the year that ended Aug. 31 on sales of \$15.31 billion.

That was its 24th consecutive year of record sales and earnings.

Walgreen's strategy has been a market sector consolidates into fewer and more powerful hands.

CVS Corp. has used acquisitions

of Revco and other drugstore chains to become a close second to Walgreen in sales. Rite Aid Corp., the third-largest company in the business, has grown to \$11.4 billion in sales. J.C. Penney Co. bought the Eckerd drugstore chain, the fourth-largest, almost two years ago and last week agreed to acquire Genovese Drug Stores Inc.

Jeff Parker, an assistant portfolio manager with Eagle Asset Management, said he wondered whether the more concentrated competition would allow Walgreen to continue this rapid store expansion. Walgreen is one of Eagle's 10 largest holdings.

Daniel Jorndt, Walgreen's chief executive and president, said he saw no reason to doubt its strategy. "We think being convenient is the best way," Mr. Jorndt said. What he means is Walgreen

will continue to go about its business as methodically as a pharmacist filling a prescription. It will put stores on the busiest intersections in town, with plenty of free parking, amenities such as drive-through prescription service and, increasingly, 24-hour operations.

And it will stay away from strip malls where a Wal-Mart or big supermarket may be lurking. About half of Walgreen's stores are "free standing," or physically isolated

improve many of the stores they have bought. CVS is converting 2,600 former Revco stores, while Rite Aid is revamping about 1,300 acquired outlets.

"They've grown very fast, but they've also had to pay for it," Mr. Leckow at Barrington said.

In Mr. Jorndt's view, a lot of the stores his rivals are buying aren't worth sprucing up. "We don't think there's much future in strip centers," he said.

Walgreen hasn't made an acquisition since 1986—and it has entered 43 new markets since 1992. Many of those were in Southern and West Coast states that are havens for U.S. retirees.

"This graying of America fits right into Walgreen's hands," Mr. Balkoff of Northern Trust said.

Walgreen is also outdoing most of its competitors in adopting technology, analysts say. A computerized system allows its customers to fill prescriptions at any Walgreen store. Walgreen's prescription sales have grown to 50 percent of its total, from 41 percent five years ago.

In addition, cost cuts generated through technology and other means enable Walgreen to make a profit while meeting demands from health-maintenance organizations and other groups for cheaper prescriptions. Such third-party payers accounted for about 80 percent of Walgreen's prescription sales last year, compared with 30 percent a decade ago.

All of this pays off, Mr. Balkoff of Society Asset Management said. "You have a bunch of pharmacists running this company," he said, "and they understand how this business is run."

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WORLD ROUNDUP

Tyson May Face Jail

BOXING Mike Tyson pleaded no contest to a misdemeanor assault in Maryland, a decision that could return him to prison in Indiana.

The plea stems from an assault in a scuffle following an Aug. 31 accident involving Tyson's wife, Monica.

The former heavyweight champion is accused of kicking and punching two other motorists.

"You understand that this plea could affect your parole," Judge Steven Johnson told Tyson before accepting his plea.

Tyson was released from prison in 1995 after serving three years of a six-year sentence for a 1992 rape conviction. It will be up to Indiana authorities to decide whether the plea violated his probation.

Although the plea to the two counts is not an admission of guilt, Tyson faces up to 20 years in prison — 10 years on each count — when he is sentenced in Montgomery County, Maryland, next year. (AP)

The Indy Grand Prix

MOTOR RACING Formula One will stage a grand prix on a road track of the Indianapolis Motor Speedway, Tony George, the track owner, said Wednesday in 2000.

It will be the first grand prix in the United States since 1991. The Indianapolis 500 was an official Formula One event from 1950 to 1960, even though few Formula One drivers competed. (AP)

Virenque Test Disputed

CYCLING Judicial and police sources say the evidence that Richard Virenque, the cyclist, took drugs is "overwhelming."

Virenque disagrees.

After he heard the results of an initial report from Patrick Keil, the magistrate investigating the scandal, in Lille on Tuesday, Virenque, a rider with the Festina team, said tests cleared him of all suspicion.

Police sources who had access to the report handed to Keil by two experts, contradicted the cyclist.

"All of the nine Festina riders took doping substances ranging from steroids, corticoids, growth hormone, erythropoietin and, for four of them, amphetamines," the police sources said.

Virenque, who was tested with his teammates after the Festina team was kicked out of the Tour, said that was not true.

"All the biological parameters and test prove scientifically that I'm not doped," he said. (Reuters)

Cuban Team for Hire

SOCCER Bonner SC, a German fourth division club is negotiating to sign the entire Cuban national team.

The club hopes to seal an agreement with the Cuban soccer federation next week. Cubans would come to Bonn to benefit from German facilities and coaching. In return the club could field any of the Cuban players. (Reuters)

Ex-Inter Milan Boss Eyes Rapid Return

Simoni May Trade Jobs With His Successor

Courtesy of Our Staff Writer DiPietro

BUCHAREST — Luigi Simoni, who was fired as Inter Milan coach Monday, could end up exchanging jobs with the man who replaced him.

Dinu Dragan, a Rapid Bucharest director, said Wednesday that his club was interested in offering Simoni a contract until the end of the season.

Rapid has a vacancy because its previous coach, Mircea Lucescu, took over at Inter on Monday.

"There are discussions already under way on this matter," Dragan said.

George Copos, a Romanian businessman who is Rapid's leading backer,

Wednesday over Siegen, a third-division club, and a place in the German Cup semifinals.

Juskowiak brought his season's total to 13 goals by scoring in the sixth and 45th minutes. Reyna, who has been struggling to keep his place in the team, added the third in the 63d.

Wolfsburg is unbeaten in 11 games.

On Tuesday, Bayern Munich, the Bundesliga leader and cup holder, crushed VfB Stuttgart 3-0 in Munich.

Carsten Jancker, Mario Basler and Alexander Zickler scored for Bayern.

Stuttgart has not won in six games.

NETHERLANDS Heerenveen fought back from a three-goal deficit to gain a 3-3 draw with PSV Eindhoven in the Dutch League Tuesday night.

Luc Nilis, Miroslav Khojikov and Tomek Iwan put visiting PSV 3-0 ahead after 46 minutes. Jan de Visser, Jeffrey Talan and Radislav Samardzic replied for Heerenveen. Heerenveen remains in third place; PSV is 7th.

ITALY Mauro Esteban Navas scored in the time added for injuries as Udinese beat Parma 3-2, in a first-leg Italian Cup quarterfinal Tuesday.

Navas scored in the 92d minute with a powerful drive past Hernan Crespo. The Argentine striker played the final minutes as goalkeeper in place of the injured Mateo Guardalben.

Crespo and compatriot Abel Balbo scored for Parma. Stephan Appiah, a Ghanaian teenager, and Amoruso, a Brazilian striker, were the other Udinese scorers. (AP, AFP, Reuters)

WORLD SOCCER

reportedly had talks with Massimo Mortati, the Inter president, about hiring Simoni. Simoni had a contract with Inter until the end of the season.

FRANCE The president of Nice soccer club has decided not to sell the team to Italian club Roma, the French sports daily *L'Equipe* reported Wednesday.

"The club is no longer for sale," said Michel Mandaric, an American businessman and Nice president, was quoted as saying.

Mandaric told the paper that the club has attracted a new investor.

On Tuesday, Roma officials had said a takeover was imminent.

GERMANY Two goals by Andrzej Juskowiak, a Polish striker, and one by Carsten Jancker, a German midfield

player, were the other Udinese scorers. (AP, AFP, Reuters)



FEET FIRST — Kin Wai, right, of Hong Kong tackling Surachai of Thailand in a preliminary game Wednesday at the Asian Games in Bangkok. Thailand won, 5-0. In another game, Turkmenistan upset South Korea, 3-2.

Rio Rival Taunts Vasco

The Flamengo club bought advertisements in Rio de Janeiro newspapers Wednesday to taunt rival Vasco da Gama over its World Club title defeat the day before, Reuters reported from Rio.

"The nation congratulates Vasco da Gama for the title of world vice-champions in its centenary year," said the advertisements in several Rio dailies.

The ads were signed: "Flamengo Regatas Club, World champions." Flamengo, initially founded as a rowing club, won the title in 1981.

Vasco, Flamengo's arch-enemies, lost, 2-1, to European champions Real Madrid in Tokyo. When Vasco won the South American Libertadores Cup earlier this year, its victory parade passed in front of Flamengo's headquarters.

After Bumpy Year, Prost Looks to a New Formula

By Brad Spurgeon
International Herald Tribune

GUYANCOURT, France — My back lies at a forty-five degree angle. My knees are raised chest high. A wooden rim blocks my view of the ground for several meters ahead — as it is supposed to. I'm not lying in an upended baby's high chair, though that's what it feels like. I'm in the cockpit mock-up of the 1999 Formula One racing car of the Prost Grand Prix team.

But the drivers' cockpit is not the most stressful seat in racing, said Alain Prost, a four-time Formula One drivers' champion. It is the one he now occupies, in the director's office of his ultramodern factory in an industrial suburb 25 kilometers (15 miles) southwest of Paris. He seemed to have weathered the stress of the his worst season in the sport.

"We suffered enormously through the 1998 season," he said, "but it was very constructive."

The team scored only one point in the season that ended in November. It finished ninth out of 11 teams. It was far from where he imagined the team would be when he bought it on Valentine's Day in 1997, from Guy Ligier, under whose name the team raced from 1976 to 1996. Matters were not made any better by the fact that 1998 was the first year Prost used a Peugeot engine. He

had made a kind of trade of Ligier's Mugen-Honda to the Jordan team for its Peugeot. Jordan completed its best season ever, winning their first race, at Spa, Belgium and finishing fourth overall.

Prost considers Jordan's success "the biggest mystery of the 1998 season."

What is not a mystery to the 43-year-old Frenchman is why it is so difficult for him to build a competitive car in France.

"Our biggest problem in France," he said, "is that we don't have a strong motor-sport culture. So we cannot develop the engineers needed to create the cars." He plans to work in partnership with French industry and technical educational institutions to develop programs to nurture racing car engineers.

While 80 percent of the Ligier car was built in England by subcontractors, and assembled in a small factory at the Magny-Cours circuit, Prost's goal this year was to build most of his car in France. In increasing his staff from 65 employees in 1997 to 200, he said he tried to hire British specialists, but few wanted to leave England.

"About 30 engineers or technicians turned down jobs because they didn't want to move to France," Prost said. He also said that because of France's social charges, it costs him three times what a British team has to pay to give a technician the same salary.

Prost's ambition to become a team director goes back at least a decade. One of the pivotal moments of his career came in 1991 when he was fired from Ferrari just before the end of the season, apparently for saying that driving the Ferrari was like driving a truck.

It was a statement he said he would regret for "10 years, 20 years, 100 years." He also said that the comment was taken out of context from a magazine interview, and that the real

reason for being fired had to do with internal politics at Ferrari.

"Only days before I was fired," he said. "I was involved in very serious negotiations — it only needed a signature — to continue not only as a Ferrari driver for 1992, but also as the sporting director."

Asked whether he would allow his own drivers to criticize his car by comparing it to a truck, he said, "No. Because I don't have to allow it."

He said that his current job was far more stressful and challenging. "When you're a driver, you go and win the race, and then you decompress and know that the next race is in two weeks, and that's it. As a team director there is never a down moment."

As a driver he was repeatedly involved in confrontations with the sport's governing body. "As a driver your opinions don't count for anything," he said. "As a team owner you can have your say."

Meanwhile, a line sketched in pencil on the block that presses hard against the left hip indicates where the driver Jarno Trulli suggested that the cockpit be widened. Perhaps the team could also remove the top of the car's nose cone so the driver can see the road. The strange position is both to lower the center of gravity and to allow a better air intake above the driver's head so the engine



Trulli carrying his steering wheel Wednesday after crashing his Prost.

may breathe. But it is difficult to come to terms with the idea of lying in the fetal position, while negotiating twisty racing tracks at 300 kilometers per hour (187 miles per hour), and not seeing the road. But for Prost, what lies immediately ahead is all important.

"The coming season is the most crucial to the existence of the team," he said.

Announcements

Herald Tribune

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SPORTS

Rangers Win In Overtime After Goal at Last Second

The Associated Press
NEW YORK — With less than two minutes left in the New York Rangers' game with Florida, fans were leaving Madison Square Garden. Their team trailed by a goal and was playing short-handed.

But as the fans left, the Rangers started scoring. When it ended, New York had a 3-4 victory in overtime Tuesday night.

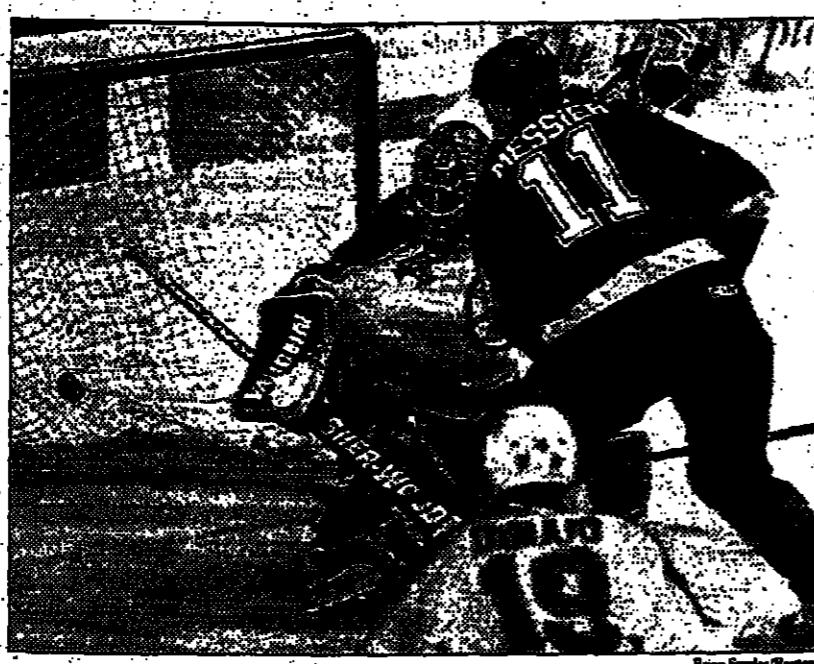
The Panthers were leading, 4-3, but lost their one-man advantage, when Robert Svechl was called for booking

NHL ROUNDUP

with 39 seconds left. Then they lost the lead when Brian Leetch scored with one second left, after the Rangers pulled goalie Mike Richter to give them a 5-on-4 advantage on the open ice.

Adam Graves completed the Rangers' comeback by scoring his second goal of the night and 10th of the season on a deflection of a shot by Wayne Gretzky at 2:10 of overtime.

Dave Gagner and Radek Dvorak scored for the Panthers in the first period. Gretzky beat the Panthers' goalie, Sun Burke, on a slap shot in the second period, and John MacLean scored to tie



Mark Messier scoring for Vancouver against Boston goalie Byron Dafoe.

the game, both on power plays. The Panthers regained the lead on a goal by rookie Mark Parrish.

In the third, Graves beat Burke with the Rangers on a power play, and rookie Oleg Kvasha scored on a one-timer in front to put the Panthers ahead 4-3.

Mighty Ducks 4, Penguins 4 In Pittsburgh, Martin Straka's 14th goal midway through the third period gave the Penguins a tie with Anaheim.

Pittsburgh's Jaromir Jagr scored twice to end a 10-game goal drought, the longest since his rookie season in 1990-91.

Senators 3, Predators 1 Daniel Alfredsson had a goal and an assist to lead Ottawa to victory in Nashville.

He scored on a wrist shot from the slot at 4:53 of the second period and assisted on Radek Bonk's first-period goal.

dolfo, Denis Pederson and Bobby Holik each scored for the Devils. The victory moved New Jersey into first place in the Eastern Conference.

Devils 4, Canucks 1 In Boston, Sergei Samsonov scored with 29 seconds remaining in the second period to give the Bruins a tie with Vancouver. The tie extended the Bruins' unbeaten streak to six games, while the Canucks broke a five-game losing streak.

Devils 4, Capitals 0 Martin Brodeur stopped 22 shots for his second shutout of the season as the Devils won in Washington. Jason Arnott, Jay Pan-

NBA Owners and Players Set To Return to Negotiating Table

The Associated Press

NEW YORK — The National Basketball Association and its players have agreed to resume talks on the lockout that has prevented the start of the season.

"Somebody had to call eventually, because we eventually had to get back to the bargaining table," Russ Granik, the NBA deputy commissioner, said Tuesday after the sides announced that talks would resume Thursday morning.

It will be the first session involving the full bargaining committees since Nov. 20, when the sides met for nine and a half hours and failed to make their most productive meeting to date.

But to help set up this new session, the sides agreed to toss out any agreements made Nov. 20.

That means the owners will return to their original position calling for a 50-50 split of revenue, while the players want a 60-40 split.

"Everything is negotiable and there's always flexibility," Granik said, "but we need to bring the percentage down and they don't really want to. And that's the problem."

Billy Hunter, the players' union director whose telephone call to the NBA commissioners, David Stern, resulted in the resumption, did not make any public comments.

SCOREBOARD

ICE HOCKEY

NHL Standings

NATIONAL HOCKEY LEAGUE

ATLANTIC DIVISION

CENTRAL DIVISION

SOUTHERN DIVISION

NORTHWEST DIVISION

CARTER DIVISION

CENTRAL DIVISION

NORTHWEST DIVISION

CARTER DIVISION

NATIONAL HOCKEY LEAGUE

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ART BUCHWALD

Ho Ho Ho, Merry Panic

NEW YORK — If you had to sum up in one word the Christmas season it would be *panic*. Once the Thanksgiving dishes are washed the whole country goes into panic.

Merchants are first. The department stores begin to run ads of 50 percent off, plus 10 percent down, plus 10 percent reduction if you bring in this ad, which will entitle you to a 30 percent rebate. Buchwald

Everybody has a bargain. "We will take your mother-in-law as a trade-in for a new Chevy." "Any sofa in the store is free if you buy an ashtray."

After the stores, are women. Women, not men, have to decide how much is enough when it comes to buying presents. The answer is that there is never too much, and that is where the panic sets in. In most cases, women plan the meals, not just for Christmas Day, a snap, but also for three days before and after.

If the children are in high

school or college, we're talking a food bill of \$2,300.

Besides the decisions about the size of the tree, the most important question to be answered is who to invite to the holiday. The choices are your parents or his parents. No matter what, someone's nose will be out of joint forever.

To make sure that women have no time to rest, Christmas provides them an opportunity to drive children to the school Christmas play, the church sing-along and Wal-Mart for a tree-lighting ceremony.

The panic of men is caused by the panic of women. To help out, the father volunteers to shop for toys. Since he hasn't been in a store all year he is horrified to discover electronic games made in Japan have been marked down to \$2,500, fire trucks are now selling for \$550 and Monopoly sets for \$200 — but Boardwalk and Park Place are not included.

Money is not the only reason for men to panic. Buying a present for their loved one also presents problems.

If he purchases a fur coat for his wife, that means he will have to take it out of the kids' tuition. If he goes for a piece of expensive jewelry, he won't be able to buy the brand-new set of golf clubs he's had his eye on for some time.

The last ones to panic at the Christmas season are the children. There is so much for them on television and so little time for them to get what they see. This season kids are naughty or nice. It comes as a shock to the nice ones to discover the ones who were naughty get the same number of presents as they do.

Enjoy your panic while you can. It's later than you think.

Jewish Museum To Open in Paris

New York Times Service

PARIS — Documents on the Dreyfus affair, art by Soutine, Chagall and Modigliani and artifacts tracing Jewish culture from medieval times to the 20th century will go on display Sunday when the new Musée d'Art et d'Histoire du Judaïsme opens here.

The \$37 million project in the heart of the Marais, the city's old Jewish quarter, was financed by the government and the city of Paris.

Scientists Are Sick and Tired of Being Bad Guys

By Andrew Pollack
New York Times Service

LOS ANGELES — "N.Y.P.D. Blue" is a big hit. But can an "N.Y.P.D. Blue" be one too?

David Milch, executive producer of the "N.Y.P.D. Blue" television series, is working on a pilot for a similar dramatic series about scientists. But compared with cops, he said at a conference of scientists and filmmakers, scientists are a tough sell.

"Frankenstein gets a lot of business," *Nova* doesn't, he said. "Science is out of reach as perceived by the vast, vast, vast majority of people. There are deep misgivings in the public consciousness about the devil's bargain science has made."

Apparently many in Hollywood agree. From Dr. Frankenstein to Dr. Strangelove, from the grave robbers of yesteryear to the clowns of today, scientists in movies are almost invariably mad, evil, anti-social, clumsy or eccentric. And science and technology themselves are usually seen as forces of destruction rather than of good.

In television dramas, scientists barely appear at all, unless one counts "The X Files." Only 2 percent of the characters in prime-time dramas from 1994 to 1997 were scientists, well behind businessmen, entertainers, police officers, doctors and lawyers, according to a survey directed by George Germer at Temple University.

Some scientists think Hollywood is guilty of poor casting. "Very few scientists I know are anywhere close to being loony bins," said James Watson, who shared the Nobel Prize in 1962 for discovering the structure of DNA. "A lot of us are more like Michael Douglas — slightly evil, highly competitive," he added, referring to roles often played by the actor.

Indeed, Hollywood's treatment of scientists is out of sync with that of the press, which generally presents scientists as articulate people making important discov-



The biologist James Watson, left, the producer David Milch and the astronomer Carolyn Porco.

eries. Silicon Valley engineers have become role models in the new economy — cover boys and girls for national magazines. And surveys by the National Science Foundation show that Americans on the whole are more optimistic about science and technology than people in other developed countries.

In a few efforts are being mounted to get Hollywood to portray scientists in a more realistic light, as people with more complex drives and emotions. These efforts also aim at getting *films to portray the process of scientific inquiry itself.*

The Alfred P. Sloan Foundation has spent \$2 million so far on a program to encourage more thoughtful treatment of science. It gave a grant to Milch, for example, to develop his pilot. To influence the next generation of filmmakers, the foundation, which is based in New York, is also offering prizes of up to \$25,000 to students at six film schools who make movies about science or engineering.

"There's a basis for the stereotype but there's more than the stereotype," said Doron Weber, an author and former scriptwriter who

heads the Sloan project. "Science and technology offer a potential gold mine for screenwriters and filmmakers — wonderful, diverse characters and great stories that have largely gone untold."

A group of scientists affiliated with the American Association for the Advancement of Science has also been trying to sell the networks on a science drama. And the American Institute of Engineers, a group that aims to improve the image of its profession, is hoping to interest networks in creating an annual awards show for technology and a series called "L.A. Engineer."

"L.A. Law" did marvelous things for the legal profession," said Martin Gottlieb, president of the group. "It revealed the humanness behind the scenes."

More than just a desire to feel appreciated, however, is behind these efforts. A better image of scientists and engineers could lead to more people entering those fields and to greater public support for projects ranging from space exploration to particle accelerators.

"To raise the level of public understanding of science is the

work of the Lord," said the scientist who is spearheading the Advancement of Science effort, Leon Lederman, director emeritus of the Fermilab National Accelerator Laboratory. Society needs to make complex decisions about technology rationally, he said, adding, "Somebody raises an issue like radiation and the fear takes over."

But the cultural gap between scientists and entertainers remains wide. This became clear when the Sloan Foundation brought some eminent scientists here two weeks ago for a series of panel discussions with Hollywood directors and producers. One of the discussions degenerated into a rancorous name-calling exchange.

"I don't meet as many scientists who can meet my eyes in conversation as I do people who pump gas," Milch said. Watson shot back that Milch was a "misfit from the Yale English department" who was afraid of science.

Milch, who was also the co-creator of "Hill Street Blues," said it would be a challenge to get viewers to sympathize with scientists. The drama he is working on will do

that by using a "surrogate villain," like a research administrator who treats scientists badly.

Another challenge, he said, is that the scientific method, with its emphasis on repetition of experiments, might by its very nature be "antithetical to the art of storytelling." The best stories, he and other Hollywood types said, involve human emotions. The top-rated drama "E.R." has lots of medical content in its emergency rooms but is really about the doctors, nurses and patients involved.

But some of the scientists did not see it that way. "The natural world is fascinating in its own right," said Richard Dawkins, an Oxford University biologist and author of "The Selfish Gene" and other books. "It really doesn't need human drama to be fascinating."

And Carolyn Porco, a professor of planetary sciences at the University of Arizona, said that too many movies with science themes were about space battles in the future. "It's always the physical confrontation that TV and movies seem to harp on, when science is the confrontation of ideas," she said. "There's drama just in the quest for the truth."

Porco was an adviser on the movie "Contact," which starred Jodie Foster as Ellie Arroway, an astronomer searching for life on other planets. Porco said the movie presented a fairly realistic portrait of a scientist, but she wondered why the scriptwriters insisted Ellie have a love affair.

The Sloan Foundation hopes to have a script for its pilot within a year, but Milch is still not sure he will be able to produce a workable one. And of the first three student films awarded prizes by Sloan, two portrayed tormented, antisocial scientists, the very stereotype the foundation is trying to fight.

The third film was not about science at all. The original scientific content, the student director said, was removed from the screenplay to make the picture more "interesting."

PEOPLE

Tarantino will appear with Mickey Rooney and Al Pacino's father, Sal, in the movie "Holy Hollywood."

Paul Simon may not testify via video in the fraud trial of the anti-apartheid activist Allan Boesak, a judge in Cape Town has ruled, giving no explanation. Simon, who donated 600,000 rand (about \$180,000) to Boesak's Foundation for Peace and Justice Charity, had said his workload prevented him from traveling to

South Africa, but had agreed to testify against Boesak via telephone or video from New York City. A former minister who once headed the World Alliance of Reformed Churches, Boesak is charged with stealing 1 million rand from the foundation.

The French rap singer Didier Morvick has been charged with assault after he allegedly attacked a stewardess and broke her nose. Morvick, alias Joey Starr of the group NTM, was accused of striking the stewardess in the face in a hotel in the southern French city of Montpellier. There was no immediate word on what sparked the attack.

One of James Stewart's air force uniforms will go on display at a British air museum. The uniform, donated by the late actor's family, will be shown with historic American combat aircraft at the Duxford Imperial War Museum at Cambridge. Stewart was already an Oscar-winning star when, based at Tibenham, England, he flew 20 combat missions in World War II.

The Alvin Ailey American Dance Theater has begun a five-week celebration of its 40th anniversary. The engagement at the City Center in New York will include four world premieres, a new production of Geoffrey Holder's "Prodigal Prince" and the conducting debut of Judith Jamison, the company's artistic director.



Chris Ofili with his work "Through the Grapevine."

THIS year's Turner Prize, Britain's top art award, went to Chris Ofili, who incorporates lumps of elephant dung in his works. It is the first time in 12 years that the award, worth £20,000 (\$33,000), has gone to a painter rather than a sculptor or conceptual artist. Ofili has said that the dung is a means of linking his work with "ordinary life" and breaking down barriers between the viewer and art. The prize, which goes each year to a British artist under the age of 50, has in the past been mocked as a pretentious publicity stunt by critics, but it invariably attracts crowds to the Tate Gallery in London. In 1995, media interest peaked when Damien Hirst, the enfant terrible of British art, won the award with dead cow parts in formaldehyde.

Shirley MacLaine will receive the award for lifetime achievement at the Berlin film festival in February. The festival director, Moritz de Hadeln, praised MacLaine's "extraordinary versatility" and said she embodied Hollywood glamour.

Quentin Tarantino has no comment on his estranged father's plea for a reconciliation. Tony Tarantino said over the weekend that he abandoned Quentin's mother while she was pregnant 35 years ago, but that he'd now like to know his famous son and is working as an actor to establish common ground. But Quentin's publicist said: "Quentin Tarantino has no comment. He will not address this issue." The elder

Spielberg Is Off to War Again

The Associated Press

NEW YORK — Fresh from their partnership on the movie "Saving Private Ryan," Steven Spielberg and Tom Hanks will co-produce a 13-hour miniseries for HBO based on a U.S. Army unit in World War II, the network said Tuesday.

"Band of Brothers" will begin production next year. The project is based on the nonfiction book by Stephen Ambrose about a rifle company that parachuted into France on D-Day. The miniseries may also include material from Ambrose's book, "Citizen Soldiers," which follows men through the end of the war.

Spielberg directed and Hanks starred in "Private Ryan," about an effort to rescue a soldier during World War II.

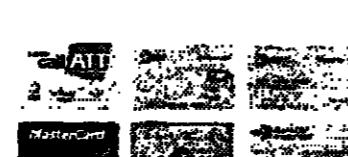


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